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OVERSIGHT OF THE PAPERWORK REDUCTION ACT OF 1980

HEARING

BEFORE THE

SUBCOMMITTEE ON INFORMATION MANAGEMENT AND REGULATORY AFFAIRS

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

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OVERSIGHT OF THE PAPERWORK REDUCTION ACT OF 1980

FRIDAY, MAY 6, 1983

U.S. SENATE,
SUBCOMMITTEE ON INFORMATION MANAGEMENT
AND REGULATORY AFFAIRS,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 342, Senate Dirksen Office Building, Hon. John C. Danforth (chairman of the subcommittee) presiding.

Present: Senator Danforth.

Staff present: B. Reid Detchon, staff director; Robert F. Harris, minority deputy staff director; Robert E. Coakley, minority professional staff member; Helen D. Hobart, chief clerk; Charles Goldman, Subcommittee on Oversight of Government Management; and Paul Hewitt, Subcommittee on Intergovernmental Relations.

OPENING STATEMENT OF SENATOR DANFORTH

Senator DANFORTH. Today the Subcommittee on Information Management and Regulatory Affairs convenes to hold an oversight hearing on the Paperwork Reduction Act of 1980. Last month marked the second anniversary of the act's effective date, and the funding authorization contained in the act expires at the end of September.

This has been an important year for the act. The Office of Management and Budget reports that it will achieve a 29-percent reduction in paperwork burden on the American public by the end of the current fiscal year—exceeding the ambitious 25-percent goal set in the act. Those efforts have resulted in a reduction of 300 million hours of annual paperwork burden.

Nonetheless, it is clear that much remains to be done. In March, OMB published long-awaited regulations establishing policy guidance to the agencies on paperwork reduction and resolving an intramural dispute over interpretation of the act. OMB will be spending the next 3 years reviewing all reporting and recordkeeping requirements contained in existing regulations, and the potential for paperwork reduction is enormous.

Today OMB will get its report cards for the past year from the General Accounting Office, from the business community, and from statisticians. First, though, it will get a chance to speak for itself. The opening witness is Christopher DeMuth.

Mr. DEMUTH. Thank you very much, Mr. Chairman. I am delighted to be here this morning. Accompanying me is Jim J. Tozzi, Deputy Administrator of the Office of Information and Regulatory Affairs.

Mr. Chairman, I have submitted prepared and somewhat detailed testimony for the record. With your permission, I would just like to speak extemporaneously for a few minutes and then be open for any questions that you might have.

Senator DANFORTH. Without objection, a copy of your prepared statement will be entered in the record.

TESTIMONY OF CHRISTOPHER DeMUTH, ADMINISTRATOR FOR OFFICE OF INFORMATION AND REGULATORY AFFAIRS, OFFICE OF MANAGEMENT AND BUDGET, ACCOMPANIED BY JIM TOZZI, DEPUTY ADMINISTRATOR, OFFICE OF INFORMATION AND REGULATORY AFFAIRS, OMB

Mr. DEMUTH. The Paperwork Reduction Act of 1980 has, in my view, unleashed unprecedented government-wide efforts to reduce the paperwork burden of Federal forms, regulatory paperwork of all kinds, and at the same time to improve the management of information within the Federal Government.

Since the act was passed, specific documented paperwork reductions have reduced the private sector burden, according to our calculations, by over 300 million hours each year. The regulations that we recently published, based upon 2 years of experience at OMB and the agencies, have clarified the procedures that we followed and have answered questions that had been raised about the applicability of the act to regulatory paperwork, to disclosure requirements and other issues. At the same time, they have laid down a firm set of policies for paperwork reduction such as record retention schedules, the timing, form, and response times that people may be required to submit information to the Government.

We have published our third round of detailed reviews of responses to the Federal Commission on Paperwork. Almost all of the items recommended by the Commission have been addressed and most have been adopted. Those few remaining will be addressed in the next several months.

We have begun to integrate our paperwork reduction efforts with other responsibilities under the act, such as improvement of statistical collections and improvement of internal information management. I would like to take note of one example of that; namely our efforts during the past year with regard to the Commerce Department's BE–10 form, the survey that is conducted every few years on investments of American enterprises abroad, an extremely burdensome form. It had resulted in a lot of complaints from the private sector. At the same time it is statutorily required and it does have some important policymaking purposes for the Federal Government and for the private sector.

A statistician in my office with responsibility for overseeing Commerce Department information collections convened a diversified group consisting of users of this investment information for decisions, both inside and outside of the Government on the one hand, and those major corporations that have to respond to the form on

the other hand. Through very diligent efforts, if I may say, this statistician was able to reach agreement on what information in that form is really important and thereby at the same time to ease the burden—in fact the burden was reduced by 60 percent—of that one form. At the same time we have improved the utility of the data that will be collected.

We have also insured that firms may present this information to the government directly on computer tapes or discs. They don't have to transcribe it to the government form and send it into us to be retranscribed for the computer. We can go directly from private to government computers, and that relieves the burden even further.

Our activities in furtherance of the other major objectives of this act are detailed in my testimony. I simply would like to note that we will be naming a new chief statistician to head a separate Statistical Policy Office within OMB in the very near future.

We believe that the reorganization of our office has worked, that putting statisticians on the front lines of the paperwork review process has improved our efforts, but this aspect of the act requires more emphasis by us, and we expect to be devoting increased resources to it. We are currently involved in reviewing the major statistical standards of the Government. We will be announcing before the end of June a complete revision to the metropolitan statistical area definition.

We recently published a detailed account of the 66 information resource management reviews across the Government, which have resulted in major improvements in the utilization of computer and telecommunications services.

Mr. Chairman, if I can take some liberties with the red light in front of me, I would like to give you one or two examples to go beyond these rather dry statistics in my testimony to give an example of the kinds of things that are involved in paperwork reduction and the kinds of hurtles that we are facing and hope to vault in the next couple of years.

I would like to give you just two examples of burden reductions that were accomplished in the budget that we published in January and that are effective this year.

Probably no other Federal form is the subject of more complaints than the IRS's 1040 form. Of course, some of the complaints go beyond simply the paperwork involved. However, we are quite gratified by the response in this tax year to the introduction of the IRS's 1040-EZ form, which was tested in a few markets, so to speak, in the previous year.

The IRS found that about 22 million taxpayers, although they were filling out the very complex 1040 form, had incomes that were at a level or tax situations that were simple enough that a large number of the 70 data requests that were on the 1040 form were unnecessary. They also found that there were ways to rewrite the form that made it much easier for people to follow and fill out; 22 million people could do with a much simpler form, and this year they introduced a single page form. The introductions are on the other page. This is all there is to it.

Instead of 71 requests for information there are only 11. This was sent out to eligible taxpayers this year, and we were quite gratified

to find out that approximately 15 million taxpayers took advantage of this extremely easy tax form. Our estimate is that this one change alone has resulted in a burden reduction to taxpayers of over 7 million hours this year alone.

Second, I direct your attention to a chart I have put up here.

I mentioned to you last year the efforts of the Department of Health and Human Services to reduce the paperwork that hospitals and other health providers must face in the course of dealing with the medicare program. There has been a substantial reduction resulting from the introduction of a common claims form, but there is a lot more to medicare paperwork than that.

At the beginning of the current fiscal year the Health Care Financing Administration in HHS had identified 26,000 different reporting forms used by the intermediaries—the insurance companies that handle the processing of medicare claims—for getting more information from hospitals in certain kinds of situations.

During this year HCFA is analyzing those forms, and it has already eliminated many forms that were found to be duplicative and reduced this burden by 92,000 hours already. We have eliminated forms in 9 of the 42 categories that we have identified, and we are working to consolidate the remaining 33.

Here is an example of a single category of HCFA forms. These are forms that insurance intermediaries send to hospitals when they feel that they need more information on prior admissions of given patients.

In reviewing the processing activities of the various private intermediaries, we found at least 63 different kinds of forms for different insurance carriers used to collect this one kind of information on prior admissions. A good number of them are presented on the right-hand portion of this graph. In reviewing this data we found that in many cases carriers were requesting information that they already had—duplicated information they had received elsewhere.

Second, the fact that individual carriers were sending very different kinds of forms, different requests, different formats to hospitals was very confusing to hospitals. This was especially true in major metropolitan areas such as Washington and New York, in interstate jurisdictions where hospitals deal with a large number of individual carriers.

We found that there was a total of 33 different kinds of questions asked on these 63-plus forms, and that 28 of the 33 were asking questions that were available elsewhere. For the purposes of gaining information the carriers need on prior admissions, only 4 questions of the 33 on these various forms were required, and HCFA is currently working with the insurance carriers to replace this maze of forms on the right-hand section of the chart with this form that I have shown you on the left-hand side, which asks the four essential questions that they really need to know. As soon as this is implemented, hospitals will be getting the same form regardless of which carrier deals with which individual patient.

I would like to conclude by noting that in the coming year we think that we have a large amount of work to do to complete our inventory of paperwork. We know that there are two major gaps in it—regulatory paperwork, an issue that was solved with our rule and that we will be getting into reviewing and getting into our in-

ventory and making appropriate changes over the next year, and procurement paperwork which we are reviewing and coming out with a comprehensive, unified Federal acquisition regulation that will go into effect in the spring of 1984.

We have established a goal for ourselves of a 5-percent additional reduction in fiscal year 1984, and we are particularly concerned now with statutory restrictions on paperwork reduction. Increasingly, as we cut deeper into the paperwork that we have found, we are discovering statutory impediments to paperwork reduction. We intend to prepare specific legislation for consideration of the Congress.

I would like to give you just one example of the kind of problem that arises when statute after statute lays on more and more paperwork requirements and what can be done when decisions over such administrative details is delegated to the executive branch.

The first example of Government paperwork in the history of the United States was Marine vessel documentation. The second law passed by the First Congress of the United States was a paperwork requirement, a law requiring the documentation of Marine vessels. Over the last two centuries successive legislative amendments have resulted in requirements that Marine vessels be documented by 42 different forms.

I have a file of those documents here. Some of them are very large and cumbersome, as you can see. All of these were, until 1980, required by statute. To document a vessel one had to fill out every one of these forms. There were 42 forms and recordkeeping requirements separately established by statute.

In the 1980 Vessel Documentation Act, Congress essentially delegated responsibility for sorting out this maze which had in fact created an entire industry of specialists in filling out these forms for the Coast Guard. Since then, this maze of forms has been reduced to only eight forms in different situations which have to be filled out and one sole recordkeeping requirement in place of all those that existed before.

In the course of this, the burden of vessel documentation has gone down by 80 percent from 314,000 hours every year to just 58,000 hours. We think this is the kind of thing that we have to focus on increasingly in the future, and we hope to have specific legislative proposals for you this year.

This concludes my remarks. I will be delighted to try to answer any questions you have.

Senator DANFORTH. Thank you. Do you think that the challenge is still before us? You were able to reduce paperwork in a couple of years by 20 percent, and you have your goal now at 5 percent. Does that mean that the easy yardage is behind us, that we are down to really slugging it out for marginal gains now?

Mr. DEMUTH. We think it is going to be much tougher in the future. This is because we have this problem with bumping into statutory impediments, and whether legislation can be passed, of course, is much more uncertain.

At the same time I want to note that, while we believe we have a fairly complete inventory of forms, surveys, and reporting requirements, there are, as I mentioned before, two large segments which we believe are important areas yet to conquer, and we can see a lot

of fat to be cut out in both areas in procurement regulation, which we estimate to be quite large according to the preliminary work that is being done by Defense, NASA, and the General Services Administration, and then regulatory paperwork.

We are following the publication of our rule by working with the agencies to get all of that reviewed and reduced wherever possible and into our inventory over the next year. To give an example of the kinds of magnitudes involved, our current budget for the Federal Trade Commission is just 600,000 hours. We recently received the first labeling requirement in one of their regulations. It is a requirement for clothing care labeling. That one requirement has an estimated annual burden of 4 million hours.

So, we think that there is a lot left for us to do, primarily in the area of regulations and procurements.

Senator DANFORTH. Do you find yourself clashing with these agencies that take the position that paperwork is absolutely necessary to fulfill their function and that when you reduce paperwork you are really reducing the ability that they have to control abuse in one industry or another?

Mr. DEMUTH. Yes, we do. I have been surprised at the amount of reductions that we have been able to work out in a pretty congenial manner. I think part of it is the fact that the agencies themselves have established paperwork control offices at senior levels in the agencies. I think a lot of the back and forth hauling between program offices, which are typically inclined to collect more and more information for this and that purpose, and the paperwork policy offices tend to iron out what really are the agencies' needs for information well in advance.

So, I have found that my office in OMB, working with the professionals in the agencies, has been able to make, frankly, deeper cuts than I would have thought. The number of times when I have to go to the mat with the head of an agency is less than I had expected it would be, and I think it is because, as I said at the beginning of the testimony, the process that the act has established has prompted hundreds of people around the Government to really think about this in a way that it was never thought about before.

I don't want to pretend that there haven't been cases where I have had to sit around and listen to what I thought were some pretty bad arguments and then pull out the machinery that you gave us in the act in the end.

Senator DANFORTH. Do you ever look at the problems of whole industries rather than looking at Federal agencies or Federal departments? Do you ever look at the paperwork burden from the standpoint of an industry, for example, the auto industry? If the auto industry were to come in and say, "Look, one of our great problems is paperwork." Is there an effort to sit down with them and say, "What do you mean?" and to go through the whole variety of agency requirements from their standpoint?

Mr. DEMUTH. To be candid with you, Senator Danforth, I think we haven't done as much in that area as we could. We get complaints from industry that give a long list of the types of things that they are faced with on a crosscutting basis.

I do think it is our responsibility, as kind of the overseer of the whole enterprise, to take a broader look than the perspective of an

individual agency. That is probably the best thing we can contribute.

The information locator system, which we have just established a pretty good prototype model of and which is in operation, provides us with this crosscutting capability that we have never had before. You can ask of it certain kinds of questions, including some which would give you industry-specific data, and it will sort through the entire inventory and then list them all for you. That kind of ability is something that we did not have before and is going to, I think, make our efforts in that regard a little more versatile.

Senator DANFORTH. Let's say that there would be a complaint from X industry. Let's say that it is automobiles. I just mention that because I was with an executive from an automobile manufacturer, and he said that one of the great problems they have is Federal paperwork.

Is there a procedure or a method for him or somebody in his company to sit down with somebody in your office for the purpose of determining what the paperwork burden is and having them point things out?

Mr. DEMUTH. Yes. We have had some meetings of that kind. I get letters and I get fancy, well-documented letters from executives of major corporations who obviously have had a staff of dozens of people working on this. I get letters that were written on the kitchen table by a small businessman. Whenever I do that, I give it to the specialist in my office, and I also give a copy to all of the agencies involved and ask them to get back to us.

We are right now in the midst of dozens of analyses based on complaints like that. To tell you the truth, we cannot operate without that kind of input. Just to get things as they percolate up doesn't give us a feeling of what it is like down where the rubber meets the road, so to speak. So that is an invaluable aid to us.

Senator DANFORTH. There is a vote on the floor now. I would like to very briefly run through some questions and then hopefully let you go before I go to vote.

Mr. DEMUTH. That will be fine.

Senator DANFORTH. There has been a dispute over the authority of your office to look into existing Federal regulations. Has that dispute been resolved to your satisfaction, or do we need further clarification?

Mr. DEMUTH. The issue has been resolved to our complete satisfaction. We do not believe any statutory change is required there.

The Justice Department raised concerns about the relationship of the Administrative Procedure Act to the Paperwork Reduction Act. The rule that we just published we believe, and the Justice Department agrees, accommodates the Administrative Procedure Act thoroughly while maintaining complete control over both new and existing regulations.

Senator DANFORTH. All right. Now, with respect to regulatory review, I don't think anybody disputes that that is a significant thing to do. The question is whether that is a diversion from the main task or tasks of your office.

What would be the effect of taking regulatory reviews off your hands? How much of your time is spent doing that, and how much is the cost to your office?

Mr. DEMUTH. We believe that, far from being a distraction, the regulatory review process under the President's Executive order is a great boost to our Paperwork Reduction Act responsibilities.

All forms of regulation are a much larger component of Federal policy now than they were even 10 years ago, and central coordination of regulatory policy is something that I think is really here to stay. President Carter did it. President Ford did it. Now President Reagan is doing it.

Mr. DANFORTH. I don't disagree that it is important, but the question is, should you be doing it and does it divert your resources into something extraneous?

Mr. DEMUTH. I don't believe so, no. I want to point out that it is integrated operationally. Under the act, which sets up an Office of Information and Regulatory Affairs, my office has to review regulations in any event. You have to look at a regulation to find out whether there is a paperwork requirement in it. There is only one way to do it, and that is to read it.

It would make no sense at all to have one staff of people in OMB reviewing regulations under the President's executive order and other people reviewing the same regulations for paperwork.

Also, they are integrated substantively. Seventy eight percent, according to our estimates, of Government paperwork today is in the regulatory and compliance areas. Regulation is a big growth area.

Many new regulatory statutes—I have in mind, for example, the Resource Conservation and Recovery Act—work through forms and reporting requirements. To do our job under the Paperwork Reduction Act, we have to understand the policies of these programs if we are going to make any judgment on what is required.

Senator DANFORTH. Are your own resources sufficient to do regulatory reviews as well as the rest of your work?

Mr. DEMUTH. I believe so. We have requested what I believe is adequate. Any government manager can think of ways to spend more money, but we are happy with our record over the last 2 years. We can see things to do, but we think that we can do them with the money that we have requested.

Senator DANFORTH. With respect to statistical policy, as I understand your testimony, you are recognizing a need there, and you will be diverting or devoting more resources.

Mr. DEMUTH. That is correct. I have spoken with the heads of the statistical agencies about this. We believe that there is more to be done in that area. We have some internal statutory paperwork to deal with before I am able to announce the new chief for this office. However, we suspect that that will be accomplished in the next week or two and we will be able to get rolling.

Senator DANFORTH. Finally, with respect to information management, it is thought that the computer setup in the Government is not as efficient and effective as it should be. Information management is part of your responsibility. Do you feel that that has received enough attention? Do you have any plans in that area?

Mr. DEMUTH. Actually, we have devoted a lot of attention to it and are cooking up what we believe are some very important policy initiatives. Our initial efforts were devoted to identifying top priority individual computer systems in major agencies that were mis-

sion-specific and would attract the attention of senior people. We recently published a report which identifies some important savings that have resulted from those reviews.

In the long run, we believe that the information management in the Government is primarily a matter of the incentives of managers themselves. Information is a funny kind of a good. It has what economists describe as public good aspects.

Often managers don't have incentives to be as efficient as they could. We don't rely enough on private computer resources. We have a bad system set up where record storage is free so that we probably store too much paper.

We are reviewing right now all of OMB's policy circulars and intend to make revisions. We are also going to be circulating a long-range planning document which would get to some of the core economic incentive problems that we think are the root of the problem.

Senator DANFORTH. Thank you very much. I will be back in about 15 minutes. You are excused.

[Mr. DeMuth's prepared statement follows:]

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

FOR RELEASE ON DELIVERY
Expected at 10:00 a.m.
Friday, May 6, 1983

STATEMENT OF CHRISTOPHER DeMUTH
ADMINISTRATOR FOR
OFFICE OF INFORMATION AND REGULATORY AFFAIRS
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE SUBCOMMITTEE ON
INFORMATION MANAGEMENT AND REGULATORY AFFAIRS
COMMITTEE ON GOVERNMENTAL AFFAIRS OF THE
U.S. SENATE
ON THE IMPLEMENTATION OF
THE PAPERWORK REDUCTION ACT

Mr. Chairman and Members of the Committee:

I appreciate the invitation from this Committee to appear before you and discuss our administration of the Paperwork Reduction Act of 1980. In my testimony today I will describe some of our recent activities pertaining to the implementation of the Act and provide my assessment of how we are accomplishing the Act's objectives.

The Paperwork Reduction Act of 1980 became effective on April 1, 1981. Although we have had only two years in which to achieve the Act's ambitious goals, I believe we have made substantial progress.

MAJOR ACCOMPLISHMENTS

Reduction of Government Paperwork

The first objective of the Act is to reduce the burden imposed on the public by Federal information and regulatory

activities. By the end of this fiscal year we expect to have reduced the reporting burden as measured when the Act was passed by approximately 29%, exceeding the statutory goal of a 25% reduction. We will also have reduced the reporting associated with Federal grants programs by over 10%. During FY 1983 the American public will spend 100 million hours or 50,000 workyears less time filling out government forms -- than it would have without our efforts -- in addition to the 200 million hours in reductions we reported to you last year. A more detailed discussion of these accomplishments is contained in the Information Collection Budget of the United States Government: Fiscal Year 1983.

In preparing the annual "paperwork budget" and reviewing individual forms and regulations, we attempt to balance fairly the utility of information in meeting statutory policies against the burden imposed. In some instances alternative collection methods or other, less burdensome sources of information can be identified. In others, OMB must decide whether the need justifies the burden imposed. Between March 1981 and February 1983 OMB staff reviewed more than 8,300 information collection requests. In addition to monitoring and enforcing annual paperwork limits, we revised numerous individual requests and turned down 802 outright. During this time we received only 6 requests for emergency approvals and were overridden twice by "independent" agencies.

I would like to offer a brief illustration of our paperwork reduction efforts and how these relate to our regulatory and information management responsibilities. The Department of Transportation's Maritime Administration (MarAd) requires recipients of subsidies and loan guarantees to submit detailed financial data twice each year. Currently, MarAd regulations imposing these requirements do not require that the data be submitted in accordance with Generally Accepted Accounting Procedures and, because of numerous special exemptions, MarAd receives the data in a variety of different formats. MarAd employs 40 people, at a cost of $500,000 annually, to analyze the data. Working together, OMB and MarAd have revised the regulations and reduced the average reporting burden by 75%. In addition to the burden reduction, the review will result in improved efficiency at MarAd. The staff needed to analyze the data will be reduced to 8, at an annual budget of $150,000. Finally, MarAd is now developing an automated information system to process and analyze the data.

We recently issued a regulation of our own, entitled Controlling Paperwork Burdens on the Public (5 CFR 1320), which establishes policies and procedures under the Act based on two years of experience at OMB and the agencies.

Among other things, the rule--

- Responds in detail to challenges concerning the Act's application to paperwork requirements in new and existing regulations. The rule establishes procedures that fully accommodate the Administrative Procedure Act, while

providing the strict controls Congress intended for this increasingly important aspect of the government paperwork problem.

- Illuminates the Act's coverage of Federal procurement, product testing, labeling, and information disclosure requirements.
- Establishes a firm set of paperwork control such as a three-year limit on most record retention requirements, and limits on the response times, frequency, number, and format of most information collection.

We have completed work on 471 of the 501 recommendations made by the Commission on Federal Paperwork, and 431 recommendations have been fully implemented. We expect the remaining thirty recommendations to be acted on shortly. Several of these will be completed with adoption of the unified Federal Acquisition Regulation by the Department of Defense, the General Services Administration, and the National Aeronautics and Space Administration over the next several months. We have just published a Federal Register notice that only those information requirements set forth in the FAR will be approved after early 1984.

Improved Information Management

The Act's second objective is to improve the management of information resources within the Federal Government. We have established a systematic review process covering high priority information management problems across the government. OMB is

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monitoring sixty-six of these reviews closely, and just released a report on the status of these reviews, Improving Government Information Resources Management: A Status Report (March 1983).

With the assistance of GSA and Commerce, we have issued a five year plan for Federal computer and telecommunications resources. The plan includes agency requirements for information technology resources over the next few years and projections of future technological trends. In addition, it analyzes selected issues in information technology that are currently relevant and likely to increase in importance over the next few years.

We have developed and are now testing an implementation prototype of the Federal Information Locator System (FILS). Fourteen agencies are working with us to test and evaluate this prototype.

We are actively encouraging increased use of computer technology for direct exchange of information between the Federal Government and the private sector. As a result of last year's review of the Department of Commerce's Survey of U.S. Direct Investment Abroad (BE-10), Commerce now permits firms to respond to the survey directly "on tape." This has helped to reduce the burden of this statutorily required survey from 600,000 hours in 1977 to 300,000 hours in 1982. Conversely, the Bureau of Labor Statistics makes many of its recurring statistical releases available via computer.

Statistical Policy Oversight

The third objective of the Act is to improve the functioning of the Federal statistical system. Our priorities in this area are to ensure comparability in the statistical data produced by different Federal agencies, to maintain and improve the quality of Federal statistics, to increase the efficiency of statistical collections, and to enhance the accessibility of data to the private sector and within the Federal Government.

To promote comparability in statistical data, we are currently reviewing all Federal statistical standards with a view towards revisions, deletions, additions. At present we are particularly busy with the redefinition of all Metropolitan Statistical Areas based on data from the 1980 Decennial Census--a project that sounds dry and technical, but that is of great importance to private industry and State and local government officials. We will issue the complete redefinitions in June 1983.

To improve further the quality of information, OMB is:

- Chairing an interagency committee which oversees the design and conduct of the Survey of Income and Program Participation the distribution of cash and non-cash family income, assets, wealth and a variety of social and economic characteristics of families. This information has become critical for analysis of issues related to income transfer, taxes, investment, and the well-being of the population.

- Working with the Bureau of Labor Statistics on revisions to the Consumer Price Index to properly reflect changes in technology and consumer buying.
- Overseeing the transfer of the Quarterly Financial Report program from the Federal Trade Commission to the Department of Commerce.

We are striving to increase the efficiency of Federal statistical programs by coordinating the decennial redesign of the major household surveys following the 1980 Census of Population and Housing. This program will increase the sampling efficiency of the primary national sources of information on employment, housing, health, crime, inflation, and income. In addition, we recently published an annual report on "Principal Federal Statistical Programs," to make public the relationships of the Administration's proposed FY 1984 budget to Federal statistical programs.

Our efforts to enhance accessibility have been centered around the Interagency Committee on Data Access and Use. This committee meets to exchange information and ideas and to work towards adoption of common policies and practices. The Committee agreed on voluntary adoption of a standard for preparing abstracts of public use statistical machine-readable data files. Also, the Committee's Publication Subcommittee developed a cooperative relationship with the Government Printing Office that resulted in a combined GPO marketing program for Federal statistical publications and the taking of an inventory of marketing activities by statistical agencies for their publications.

Privacy and Disclosure Policies

The final objective of the Act is to maintain a proper balance between the protection of personal and proprietary information and the disclosure of information required to perform government functions. While the Paperwork Reduction Act confirmed OMB's responsibilities for oversight of the Privacy Act of 1974, it also added new responsibilities for information disclosure, confidentiality, and security. To carry out these responsibilities, OMB:

- Reviews reports on new Privacy Act system of records and agency rules for administering the Act. Last year OMB reviewed over 130 systems reports and recommended changes where agency information practices were inconsistent with the Privacy Act.
- Reviews the privacy and confidentiality aspects of information collection requests submitted to OMB in accordance with the Paperwork Reduction Act.
- Analyzes agencies' reports on the operation of computer matching programs.
- Issues government-wide guidance. In the past year OMB has issued guidance on: the appropriate use of computer technology to conduct matching programs; the effect of the Debt Collection Act of 1982 on agency implementation of the Privacy Act; and the changes made to the Privacy Act's reporting and publication requirements by the Congressional Reports Elimination Act of 1982.

OMB has also been active in formulating policy for administering the Freedom of Information Act (FOIA). In cooperation with the Department of Justice, guidance was issued instructing agencies to establish a procedure for notifying companies of their intent to disclose, proprietary information submitted to the government in response to a FOIA request. More recently, OMB has been developing a policy on uniform FOIA fee collections.

NEXT STEPS

While we believe we have made effective use of the authorities provided OMB under the Paperwork Reduction Act, considerable work remains to be done.

Paperwork Reduction

Although we expect to exceed the burden reduction goals established by the Paperwork Reduction Act, we will continue to examine closely every agency information collection request. We have established a goal to achieve an additional 5% reduction in burden during FY 1984.

- We will be reviewing all reporting and recordkeeping requirements in existing regulations under the schedule established by our recent paperwork control rule.
- We will develop more uniform and consistent methods for measuring information burden across agencies.
- We will delegate increased responsibility for reviewing individual information collections to agencies as the paperwork budgeting process develops.

- OMB will continue to propose changes in legislation to eliminate impediments to burden reduction. We are currently considering an omnibus reports elimination proposal that would include rescission of numerous unnecessary recordkeeping, disclosure, and labeling requirements.

Improved Information Management

One of our major objectives during the coming year is to improve the management of Federal information resources.

- We will continue to work with DOD and other Federal agencies in final implementation of the Federal Information Locator System. We will conclude our testing and evaluation of FILS and determine its cost effectiveness in detecting unnecessary duplication.
- We will build upon the information resource management review project, using it to highlight high priority agency information systems which are mission essential and present potential problems or opportunities which could affect the delivery of services.
- We will take advantage of the five year ADP plan and select several important systems that are now in the development or upgrade stage and follow their progress. Our objective is to catch problems before they arise and assure that we develop the most efficient and effective systems possible.
- Fourth, we will work to establish uniform and consistent administrative systems across all government agencies through the Administration's Reform '88 project.

- The sixth and final element in our strategy for improving the management of Federal information resources is to develop an improved incentive structure that will lead to more efficient allocation of information resources. Later this spring we will be releasing a report entitled Incentives for Efficient Information Resources Management, that will describe this incentive mechanism in more detail.

Statistical Policy Oversight

One of the key strengths of the Federal statistical system is its decentralized structure. It permits diverse approaches to statistical questions and provides checks and balances that ensure responsible management and guard against abuse. At the same time, there is a need for consistent government-wide objectives and central oversight for Federal statistical activities. Our new initiatives in statistical policy reflect the importance we place on these responsibilities.

- Very shortly, we will name a new Chief Statistician who will head a new statistical policy office with increased resources within OMB.
- We are preparing a legislative proposal to remove inconsistencies in laws and practices involving confidentiality and disclosure of statistical information. The objectives of this proposal are: to provide strengthened statutory protection for the confidentiality of statistical records maintained by the Federal Government, while providing for limited sharing of certain

statistical data where this would improve the quality of statistics or reduce the private burden of surveys without jeopardizing confidentiality.

- Additional initiatives include planning for the 1990 Decennial Census and further revisions of the outdated Standard Industrial Classification (SIC). The Federal Agency Council on Demographic Censuses, chaired by OMB, will begin meeting in late 1983 to ensure that user agency perspectives are adequately reflected in the development of the 1990 Decennial Census. The OMB-chaired Technical Committee on Industrial Classification began meeting in late 1982 and will intensify work in 1983 to ensure timely completion of the much needed SIC revision.

Privacy and Disclosure Policies

During the coming year we will continue our efforts to ensure that Federal agencies maintain the proper balance between the protection and disclosure of information. To carry out this responsibility we will:

- Review the constant flow of transactions between the agencies and OMB and advise the agencies as appropriate on steps needed to improve their management of personal and proprietary data.
- Develop government-wide guidance where needed. Our recent regulation on review of agency information collections states that, unless necessary to satisfy statutory requirements or other substantial need, we will generally

not approve a report or recordkeeping requirement involving proprietary, trade secret or other confidential information unless the agency can demonstrate that it has instituted procedures to protect its confidentiality to the extent permitted by law.

- Develop legislative proposals where action is needed that cannot be accomplished solely through administrative action. In developing legislation, such as the confidentiality standards legislation referred to previously, we will make every effort to ensure that limitations on the disclosure of information are harmonized with the need to share information among agencies for the efficient functioning of government.

In your letter asking me to appear before you today, Mr. Chairman, you asked that I provide an assessment of how effective the Act has been in achieving its goals, and what changes are needed to improve its performance. I believe that we have compiled an impressive record of accomplishments in the two years since the Paperwork Reduction Act became effective. In that process we have developed new oversight and control mechanisms and resolved the inevitable controversies over interpretation of a major new statute. While much still remains to be done, we have encountered no statutory obstacle to doing just what the Congress intended in enacting the Paperwork Reduction Act.

That concludes my prepared statement. Thank you.

[Recess.]

Senator DANFORTH. Welcome, Mr. Anderson.

TESTIMONY OF WILLIAM J. ANDERSON, DIRECTOR, GENERAL GOVERNMENT DIVISION, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY NORMAN F. HEYL, SENIOR EVALUATOR, GAO, AND DANNY R. LATTA, GROUP DIRECTOR, INFORMATION RESOURCES MANAGEMENT, GAO

Mr. ANDERSON. Good morning, Mr. Chairman. It's a pleasure to be here. Let me introduce the gentlemen at the table with me. To my right is Danny Latta. In GAO's lingo he is a qroup director in charge of a large part of our work in the information resources management area. To my left is Norman Heyl who was the audit manager in charge of our work at OIRA at OMB. He was in charge of the work that led to the production of this report, Mr. Chairman, which provides our overall assessment of the progress that OMB and OIRA have made in implementing the Paperwork Reduction Act. The report was just issued on April 20, so it's a recent document.

What I would like to do is request that my full statement be read into the record, and I will briefly try and summarize what I think will be a different assessment of how things are faring over at OIRA from that you just heard.

Senator DANFORTH. Without objection, a copy of your entire prepared statement will be inserted in the record.

Mr. ANDERSON. First, I think we would be the first to concede that there has been a lot of progress in some areas, especially with respect to burden reduction. I think Mr. DeMuth properly cited a number of examples and did properly highlight the significant reduction in burden that has come about as a result of OIRA's efforts.

We believe that there are a number of other areas of responsibility OIRA has not handled as effectively as that concerning burden.

Let me just briefly touch on statistics. We heard indications that things are going to be changing in the area, that OIRA recognizes it is a problem. However, I would caution that it's something that I think the Congress and GAO should keep an eye on.

Before that function was transferred from the Department of Commerce, Commerce's Office of Statistical Policy and Standards, for example, had 25 staff years approximately being devoted to statistical policy. President Carter's reorganization project had a subproject that examined the needs regarding statistical policy. They decided that about 40-staff-year equivalents were required.

Currently, OMB and OIRA are using about 5 staff years in that function. So, there could be some modest improvement and at least, based on previous experience, some shortfall in what OMB really needs to get done in the statistical policy area.

Let me skip to what we consider to be the biggest omission and the greatest lost opportunity with respect to what the Congress expected out of this new organization; that is, in the area of information resources management policies and principles.

One of the things that struck me when I first read the Paperwork Reduction Act, and we in GAO subscribe to, is that there is

no orderly mechanism for bringing the new technology, information technology, to bear in doing the work of the Government. We have some ADP types and we have some program managers, and there was no effective mechanism for insuring that information technology was carefully examined by all the agencies across Government and brought to bear where appropriate.

We had the mechanism establishing senior information resource management officials in all the agencies across Government. One of their responsibilities is paperwork reduction. There is no doubt about it. However, in our view, a more important responsibility was to get those individual agencies on board with respect to information resources management, seeking out the new technology. This is where we feel OMB has not provided effective leadership that might have made things happen out there.

It is our opinion, contrary to what Mr. DeMuth said, that it stems from inadequate resources to get the job done.

I would like to point out that aside from the regulatory functions that OIRA is responsible for—take the paperwork, statistical policy, and the other functions that they inherited at the time the Paperwork Reduction Act became effective—about 70 staff years overall were being devoted. The General Accounting Office, which was responsible for clearing the paperwork of the independent regulatory agencies, had a small staff.

The Department of Education had a paperwork clearance function. Commerce had statistics, and OMB had a bunch of things—30 staff years, not including regulatory work. OIRA currently has about 75 staff years that it is tying to do all of those things, plus regulatory review, analysis, and all the other things that the Paperwork Reduction Act made OMB responsible for, such as the formulation of information policies and principles.

So, GAO continues to believe that were an independent assessment made of what those staffing requirements are in terms of the responsibilities under the act it would be some number larger, perhaps considerably larger, than what we find being applied over there.

Let me stop there, Mr. Chairman, and we will try and respond to any questions you may have.

Senator DANFORTH. Thank you, Mr. Anderson. With respect to the regulatory review function, do you agree with Mr. DeMuth that that is not a diversion of manpower and attention away from the primary task of this office?

Mr. ANDERSON. Right now as it operates, it is a diversion of the time and attention of certain desk officers who are charged not only with the Paperwork Reduction Act responsibilities but are also burdened with regulatory review responsibilities.

Rather than a diversion, I think what GAO would prefer to say is that both things are legitimate things that need doing. The things that need to be done under the Paperwork Reduction Act, the things that need to be done under Executive Order 12291, and the Bush Presidential Task Force on Regulatory Relief are all legitimate things.

What we believe is that you have to provide the resources on the one hand to get the regulatory review things done adequately and on the other hand to get the Paperwork Reduction Act things done

adequately. We believe that they are separable. We believe that, in fact, you could have a group of people, still within OIRA under Mr. DeMuth, concerned with regulatory review and analysis and you also could have a separate group of people doing the things associated with the Paperwork Reduction Act.

Senator DANFORTH. Should we separate them and give them different resources and keep them under one roof but have discrete groups?

Mr. ANDERSON. Yes, I believe we should.

Senator DANFORTH. Separately funded?

Mr. ANDERSON. Yes, primarily because it would compel us to go through the discipline of really establishing what our resource requirements are in each area individually.

I think that one of the provisions of H.R. 2718, as you know, is to try and strengthen the funding of OIRA and make it only usable for paperwork reduction activities and that sort of thing. We think that has some merit but still would not prevent you from funding, in a separate direction, those regulatory affairs to also be conducted within OIRA.

Senator DANFORTH. This office has responsibility under the statute for informational management objectives. Is this what you are talking about when you talk about information technology? Is it the same, or are they two different things?

Mr. ANDERSON. We are generally in the same area. I can use some language, if you will bear with me for just a second. These are objectives from the act:

> Ensuring that automatic data processing and telecommunications technology are acquired and used by the Federal Government in a manner which improves service delivery and program management, increases productivity, reduces waste and fraud.

I won't pursue it, but that's where we feel they are lagging.

Senator DANFORTH. Could you briefly describe what the problem is there? Not from the standpoint of this office but from the standpoint of government, okay what is the problem that we are trying to address?

Mr. ANDERSON. The problem we are trying to address is to establish a process, whereby people responsible for managing programs, Federal programs, across government are in some fashion interacting with people who know what information technology is all about and trying to figure out how we can use the technology to do our job better.

A really elementary example is we have inventory management people who are responsible for logistics management and inventory management who may not know that optical character reading technology, technology such as that used by supermarkets, can be used for inventory management. We believe that there has to be some type of a process that we don't have now to insure that each one of our programs across government is looked at from the standpoint of how we could do it better by bringing to bear ADP, telecommunications, or any other equipment in the information area.

Senator DANFORTH. Is this an important, fruitful area for the Government to address?

Mr. ANDERSON. We are putting a lot of resources into this area, No. 1. The Congress, when it passed the Paperwork Reduction Act,

had as a premise that, yes, there is a lot of money to be made out there. GAO is pursuing that and trying to independently identify further instances like the one I just used of how you could do this.

I would say that, yes, there is no doubt about the fact. No doubt is too strong a phrase. Yes, I have a strong suspicion right now that had we these mechanisms in place at the agencies with the senior information officials there would be a lot of money to be made.

Senator DANFORTH. Do you mean that the Government would do a better job for the amount of money it has?

Mr. ANDERSON. Yes. We would mechanize. We would improve productivity by bringing equipment to bear to do what people are doing too often today.

Senator DANFORTH. And OIRA is the office that is responsible under the law for setting up this greater efficiency. Is that right?

Mr. ANDERSON. Yes, sir.

Senator DANFORTH. It is your view that they have not put sufficient manpower into that effort. Is that correct?

Mr. ANDERSON. Yes, sir. They have not established their own management mechanism for getting it done. It is simplistic to put it this way, but the leaders of OIRA have been regulatory economists in both instances. I think when the Congress passed the Paperwork Reduction Act, OIRA had the word "regulation" in its title, and that is probably unfortunate in retrospect. However, if we had an information management type person, for example, in charge of that organization and had the thrust and the emphasis of that organization on information resources management as opposed to regulation, I personally believe that things would be better than they are today, 2 years after the act became effective.

Senator DANFORTH. What should we do about this? What is your advice to Congress?

Mr. ANDERSON. What we have to do—and this is where the dilemma comes because you can lead a horse to water but you can't make him drink—is let the Congress make clear its view that here is an area indeed that we tried to make things happen across government and things are not happening because OMB and OIRA in particular are not acting on their responsibility.

I think one of the things is to compel OMB to come forward with an analysis of what the resource requirements are to get the job done, to get the job done as described in the Paperwork Reduction Act, and perhaps require them as H.R. 2718 would to come forward with a separate budget request just addressing that body of resources and hopefully make things happen.

If you can't persuade them that this is important, that it needs to be done, we have a problem.

Senator DANFORTH. Mr. Anderson, thank you very much. I am sorry to say that there is another vote on the floor of the Senate. I appreciate hearing your testimony. You are excused. I will be back in about 15 minutes.

[Mr. Anderson's prepared statement follows:]

United States General Accounting Office

FOR RELEASE ON DELIVERY
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Friday, May 6, 1983

STATEMENT OF

WILLIAM J. ANDERSON

DIRECTOR, GENERAL GOVERNMENT DIVISION

BEFORE THE

SUBCOMMITTEE ON INFORMATION MANAGEMENT

AND REGULATORY AFFAIRS OF THE

SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS

ON

OVERSIGHT AND REAUTHORIZATION OF

THE PAPERWORK REDUCTION ACT

Mr. Chairman and Members of the Subcommittee:

I am pleased to participate in your deliberations on oversight and reauthorization of the Paperwork Reduction Act. As you know, the legislation was enacted because of a growing concern that the Federal Government's management structures were inadequate for dealing with the information resources management issues of the 80s. The act goes well beyond issues related to controlling Federal paperwork burdens. It provides a policymaking and organizational structure for improving the management of all Federal information resources with the Office of Management and Budget (OMB) given Government-wide implementation responsibility. The Congress established the

Office of Information and Regulatory Affairs (OIRA) within OMB to develop policies and coordinate Federal agencies' activities in carrying out the act's provisions.

We believe that the act continues to hold great potential for achieving substantial savings, increased productivity, and improved service delivery to the public. We support reauthorization of the act.

OMB HAS MADE VARIED PROGRESS IN IMPLEMENTING THE ACT

My statement today highlights a report we recently issued to the Chairman of the House Committee on Government Operations[1]/ which discusses, in detail, OMB's progress in meeting the act's numerous requirements. OMB has made some progress toward implementing the act--especially in reducing Federal paperwork burdens. However, it has fallen behind schedule in meeting statutory milestones for completing other tasks required to achieve the act's objectives. I will touch briefly on OMB's progress in meeting its information resources management responsibilities in the areas of paperwork reduction, ADP, and statistical policy development.

In January 1983, OMB projected that Federal agencies will have reduced paperwork burden by about 29 percent by October 1983, thus surpassing the act's 25-percent burden reduction goal. These paperwork burden reductions would represent a major accomplishment, and OMB's and the agencies' efforts are

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1/"Implementing the Paperwork Reduction Act: Some Progress, But Many Problems Remain" (GAO/GGD 83-35, April 20, 1983).

continuing. OMB also issued a Government-wide paperwork control regulation to be effective in May 1983.

It should be recognized, however, that a substantial number of paperwork requirements have not yet been accounted for and controlled. In early 1982, an issue arose as to whether paperwork requirements in regulations existing prior to the act's effective date were subject to the paperwork review procedures OMB then had in place. The Department of Justice's Office of Legal Counsel concluded that they were not, but that modified procedures could be developed to accommodate OMB's reviews of requirements in regulations. OMB's new regulation contains revised procedures which should eventually bring these requirements under its control.

OMB's work on another of the act's requirements related to paperwork burden reduction--development of the Federal Information Locator System (FILS)--is progressing, but behind schedule. A prototype system is being tested and is expected to be operational by October 1983, some 18 months after the statutory deadline.

OMB has made some progress on the tasks required to improve the acquisition and management of ADP and telecommunications technologies. Working with the Department of Commerce and the General Services Administration (GSA), it has developed a new 5-year ADP and telecommunications plan, as required by the act. Although we have not as yet reviewed the plan, OMB officials believe it will be a considerable improvement over past efforts and intend to update and improve it annually.

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On the other hand, ADP policies existing prior to the act have not been revised to incorporate the act's information resources management concepts. For example, OMB Circular A-71, issued in March 1965, continues to provide policy guidance for administering and managing Federal ADP resources. Although some effort has been made to revise the Circular, no revision has yet been completed.

In another recent report issued to the Chairman of the House Committee on Government Operations,2/ we identified four cases where opportunities exist for significantly reducing paperwork burden through the application of information technology. For instance, in a sample of 10 million Medicare claims, we calculated that the Government could potentially save about $1.3 million annually by increasing the number of claims submitted in machine-readable form. This would also help health care institutions to reduce their paperwork burdens and achieve other benefits, such as improved cash flow and improved control over data.

We believe that OMB needs to provide stronger leadership to Federal agencies to capitalize on the potential benefits of advanced ADP and telecommunications technology. Its efforts to improve the 5-year ADP plan and to update and revise its outdated ADP policies would be positive steps in that direction. GSA's recent reorganization of its information resources management activities into a single unit should

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2/"Better Use of Information Technology Can Reduce the Burden of Federal Paperwork" (GAO/GGD 83-39, April 11, 1983).

enhance its ability to support OMB in implementing the information technology provisions of the act.

OMB has done little to carry out its responsibilities for statistical policy development, coordination, and oversight. The OMB statistical policy unit has been abolished, the Chief Statistician's position has been vacant for over a year, and the resources applied by OMB to this area have been sharply reduced since the act was passed. We understand that the Chief Statistician's position may be filled shortly.

WHAT SHOULD BE DONE TO ENHANCE PROGRESS IN IMPLEMENTING THE ACT?

We believe that OMB's progress toward full implementation of the act has not been as complete or timely as it could have been. In large measure, this appears to result from decisions to assign OIRA--which was specifically established to lead the act's implementation--regulatory reform responsibilities outside the scope of the act. OIRA has assumed these responsibilities along with a sharply increased Paperwork Reduction Act workload. However, it now has available only slightly more staff resources than were available for a much smaller information resources management workload prior to the act's passage.

We do not wish to minimize the importance of regulatory reform, but the effect of the combined responsibilities is to dilute OIRA resources needed to carry out its Paperwork Reduction Act responsibilities. We recommend in our recent report that the Director of OMB:

--Identify specifically in OMB's budget the resources needed for timely and effective implementation of the act.

--Assess the feasibility of applying a greater portion of its currently available resources to implement the act, particularly those requirements having statutory milestones and include the results of this assessment in OMB's budget submission.

Positive action on these recommendations would enhance the Congress' ability to assess progress on the act's requirements and the level of resources needed for its full implementation.

We also suggest three options for the Congress to consider, which we believe complement our recommendations to OMB. These include (1) a requirement that OMB report to the Congress on the resources needed and expended for its Paperwork Act activities, (2) provision of separate funding to OMB for implementing the act, or (3) specific statutory prohibition of OIRA undertaking activities not related to the act.

PAPERWORK REDUCTION ACT AMENDMENTS OF 1983--H.R. 2718

Mr. Chairman, on Wednesday, May 3, the House Government Operations Committee reported out H.R. 2718, a bill to reauthorize the Paperwork Reduction Act and strengthen several of its provisions. We support the bill's objectives.

Key provisions of H.R. 2718 include:

--specifically authorizing resources for implementing the act;

--ensuring that all paperwork requirements are covered by the act's public protection clause;

--strengthening OMB's ability to bring under control paperwork requirements contained in regulations;

--consolidating the existing ADP and telecommunications funds;

--shifting to GSA the responsibility for developing information resources management principles, standards, and guidelines and for conducting reviews of agency information activities; and

--establishing a Chief Statistician with responsibility for statistical policy development and oversight.

We support the thrust of these provisions and believe they are consistent with our recommendations and would contribute to achieving the act's objectives.

We do have some technical concerns about the provision of H.R. 2718 which affects OMB's procedure for reviewing paperwork requirements contained in regulations. As we understand it, this provision would require OMB to approve or disapprove a proposed paperwork requirement within a maximum of 90 days after issuance of a notice of proposed rulemaking.

This could result in an OMB decision before the agency has had the opportunity to fully consider public comments solicited under the Administrative Procedure Act. We have provided the Subcommittee staff with technical suggestions which we believe would correct this problem. The House Committee asked that we respond for the record to several

questions regarding the proposed consolidation of the revolving funds for ADP and telecommunications. We will be happy to provide you with a copy of our response on this matter and to work with the Subcommittee staff as needed.

This concludes my prepared statement, Mr. Chairman. I would be glad to respond to questions you or other Members of the Subcommittee may have.

[Recess.]

Senator DANFORTH. Our next witnesses are a panel. We have Eugene J. Hardy, chairman, Business Advisory Council on Federal Reports; and James D. McKevitt, director of Federal legislation, National Federation of Independent Business.

Mr. Hardy, you may proceed first.

TESTIMONY OF EUGENE J. HARDY, CHAIRMAN, BUSINESS ADVISORY COUNCIL ON FEDERAL REPORTS, ACCOMPANIED BY DAVID M. MARSH, EXECUTIVE DIRECTOR

Mr. HARDY. Good morning, Mr. Chairman. I am Eugene J. Hardy, chairman of the Business Advisory Council on Federal Reports. With me is David M. Marsh, executive director of the council.

BACFR has a membership of some 200 companies and business associations. It is the only private sector organization solely dedicated to paperwork reduction.

We appreciate the leadership that you, Senator Chiles, your colleagues, and staff continue to provide in assuring effective implementation of the Paperwork Reduction Act of 1980.

We support reauthorization of the 1980 act with sufficient funding to assure speedy and full implementation of all of its provisions, many of which are behind schedule. There has been progress since we were here a year ago.

The Office of Management and Budget and the General Accounting Office have cooperated fully with the council over the past year, and they are to be commended for what has been accomplished with the resources available.

Once the act is reauthorized, we hope that the administration gives even higher priority to the task of reducing the paperwork burden with more of OMB's resources assigned to this vital task. The economic benefit stemming from reduction of the burden and cost of government during a period of slow economic recovery is obvious.

Mr. Chairman, if the subcommittee considers amending the 1980 act, we recommend a close look at H.R. 2718 which contains a number of meaningful amendments, including the following: (1) The revision of section 3504(h) and addition of Section 3506(e) to clarify that reporting and recordkeeping mandates in proposed and existing regulations are assured review under the full authority of the 1980 act; (2) the addition of section 3502(13) which defines information resources management; (3) the creation by statute of the post of chief statistician in section 3504(d); (4) additional burden reduction goals in section 3504(4); (5) a new paragraph (10) in section 3514(a) to assist in implementation of statistical policy, and; (6) an amended section 3520 which authorizes funds essential to carrying out the all-important functions assigned to the Office of Management and Budget under the 1980 act.

A few examples of headway in carrying out the 1980 act can be summarized as follows: (1) Issuance of much needed guidance to government and the public through publication of the final OMB rule 5 CFR 1320, Controlling Paperwork Burdens on the Public; (2) continuation by the General Accounting Office of reviews of OMB

and the agency performance in carrying out the Paperwork Reduction Act. The three reports released April 25, 1983, are solid examples of this important activity; and (3) OMB's cooperation with Federal departments and agencies in conducting operational examinations of a FILS prototype system.

We find enhancement of the role of most agency information resource managers, a development which has been aided in part by the presence of high level senior officials, a direct result of the 1980 act.

The effectiveness of meaningful consultation with OMB and a number of agencies by representatives of potential respondents has steadily increased.

Finally, there is the fact that a general 3-year maximum for retention of required records is contained in OMB 5 CFR 1320.

As to implementation imperatives, due in large part to the continued oversight of your subcommittee, positive developments have occurred over the past year. Much, however, remains to be achieved before the full potential of the 1980 act can be realized.

A few examples of measures needing attention are as follows:

The standard form 83 and its instructions clearly are in need of early revision and issuance in final form. These documents provide a wealth of information to agency and OMB officials, as well as to organizations such as BACFR which furnish comments on data gathering proposals. They set forth guidelines on what must be included as justification and legal authority, how burden estimates are to be derived, and specifics about prior consultations by the sponsoring agency.

Guidance from OMB is also necessary regarding the content of agency Federal Register paperwork notices. Such notices now vary markedly on comment due dates and description of the scope, nature and status of proposed information collections. Better OMB instructions are needed about scheduling, matters to be included and procedures to be followed relating to the information collection budget, which the council regards as an important planning and management tool.

We have previously mentioned the lack of sufficient resources and staff in the OMB Office of Information and Regulatory Affairs. Information management personnel in many agencies need to be augmented, in part to handle the considerable volume of regulatory paperwork that must reach OMB by the end of 1983.

We again stress the absence in many instances of adequate time to prepare informed comments. The requirement in the final OMB rule for prompt publication of Federal Register notices may help. Lack of sufficient time for submission of views runs contrary to the 1980 act.

Action should be taken on laws which spawn unduly burdensome reporting and recordkeeping mandates. The growing overlap in Federal, State and local reporting is a source of concern to our members. Certain aspects of this problem are being addressed, but more attention and awareness are needed.

Section 3504(d) of the 1980 act requires OMB to carry out the functions of statistical planning, coordination, policymaking and evaluation. All these congressional mandates are important. We emphasize the need for OMB to improve coordination of the decen-

tralized Federal statistical system. We also urge the prompt appointment by OMB of a chief statistician.

Agencies should initiate overall reviews of families of related forms. The deluge of information requirements submitted to OMB in 1981 under the Paperwork Reduction Act precluded sufficient opportunity for review and comment in many cases. Experience has shown that forms in certain categories can be modified, consolidated, or discarded with significant cost savings.

Now I will talk about additional legislative priorities. As to legislative initiatives, in 1982 the council provided leaders in Congress, OMB, GAO, and the business community 19 suggestive legislative amendments designed to relieve excessive paperwork burden. These recommendations embraced the fields of occupational safety and health, pension regulation, the environment, antitrust, and energy.

OMB is also seeking relief from Congress on several of the BACFR target laws, as well as other legislation. Details appear at pages 8 and 9 of the fiscal year 1983 information collection budget report by OMB. These requests for relief should be acted upon during the 98th Congress.

As to attempts to seek exemptions, history is likely to repeat itself. It is obvious that, as the 1980 act takes hold, some agencies are resisting the all-important central authority lodged in OMB by the 1980 act. Requests for relief have been registered with Congress and the Department of Justice.

During 1982, BACFR launched an all-out assault on a provision in proposed tax legislation to exempt the Internal Revenue Service from coverage of the 1980 act. Joining in opposition were key members of the Senate and House, the Vice President, the Director of OMB, and the Deputy Secretary of the Treasury. We appreciate the initiative taken by you and your colleagues to sidetrack this potentially destructive move. Fortunately, the Senate Finance Committee struck the exemption provision, and the House made no attempt to resurrect it. Any similar moves will be vigorously resisted.

Details on recent accomplishments, as well as a look into this year, are set forth in the council's annual report for 1982, copies of which have been provided to the committee.

As but one example, the work over the past 2 years of our Tax Forms Committee has borne substantial fruit. During fiscal years 1982 and 1983, the committee played a major role in slicing 22,000,000 hours off IRS Form 941, "Employer's Quarterly Federal Tax Return."

Reductions were also made in corporate and partnership tax forms, including those impacting small businesses. Further improvements are achievable and these forms are targeted for inclusion in the annual BACFR indepth review of selected tax reporting requirements scheduled for May through July.

The success in the tax and other reporting fields are solid evidence of the benefits derived from the requirement in section 3517 of the 1980 act that OMB provide the public early and meaningful opportunity to comment.

We are also encouraged by the willingness of a number of agencies to consult during the formative stages of the development of reporting requirements. This kind of advance consultation saves

precious time and resources by resolving potential differences and misunderstandings at the inception of a proposal. Early dialog with potential respondents should be the rule.

As to implementation of the OMB rule, proposed OMB 5 CFR 1320, controlling paperwork burdens on the public, was published for comment in the Federal Register on September 8, 1982. The proposed rule incorporated a compromise between OMB and the Department of Justice regarding the June 22, 1982, opinion of the Department's Office of Legal Counsel.

In statements to OLC and the Attorney General, BACFR termed contrary to the plain language of the 1980 act the proposition in the June 22, 1982 opinion that paperwork mandates in regulations existing prior to the April 1, 1981 effective date of the 1980 act are exempt from OMB review and decision.

Council comments on the proposed OMB rule reaffirmed the BACFR's certainty that coverage of the 1980 act is all-inclusive. The OMB-Justice accommodation in the proposed rule provided that, with respect to reporting and recordkeeping requirements embodied in existing rules, any action by OMB to modify or reject these requirements will trigger a notice of proposed rulemaking procedure under the strictures of section 3504(h) of the 1980 act.

Disapproval is essentially confined to instances in which the Director of OMB finds ". . . the agency's response to his comments . . . was unreasonable." This constitutes a potentially difficult, but not insurmountable, hurdle. The council furnished OMB with numerous other comments.

In its final rule, 5 CFR 1320, published in the Federal Register on March 31, 1983, OMB incorporated modified provisions reflecting 26 BACFR recommended revisions. These council suggestions encompassed placing OMB control numbers on all categories of information requirements, spelling out what a collection of information comprises—including additional types of procurement documents—lengthening the time permitted respondents to complete forms, providing better though still inadequate guidance for delegation of clearance responsibilities to agencies, and considering public comments on all categories of OMB actions spanning the full range of information requirements.

We were, of course, extremely disappointed that OMB did not agree with our position that the Office of Legal Counsel, Department of Justice's position is erroneous. H.R. 2718 would reaffirm the original intent of Congress.

However, the final OMB rule makes clear that all paperwork requirements in existing, current regulations which have not already been approved must be submitted for OMB review by December 31, 1983. Moreover, all reporting and recordkeeping mandates in agency regulations must be acted upon and, if approved, assigned OMB control numbers by March 1, 1984. Considering that IRS alone has up to 1,700 of these requirements, we expect a busy year.

On balance, the OMB final rule is an improvement over their proposed rule. We shall work to assure its effectiveness. As experience warrants, we shall not hesitate to submit additional views to OMB and this subcommittee.

Regarding evaluation of FILS, the Council Committee on the Federal Information Locater System (FILS) has repeatedly fur-

nished advice to OMB officials on their investigation into the feasibility of operating a full-scale FILS. In July 1982, OMB and the Department of Defense entered into an agreement for development of a prototype FILS. In all, 14 departments and agencies are participating in the test of the prototype.

Evaluation and testing, already partly underway, will be intensified. A cost-benefit analysis is planned by OMB which will compare the estimated benefits of eliminating unnecessary duplication with the estimated costs of the prototype FILS.

We are encouraged at the progress on FILS, although it lags behind the schedule of the Paperwork Reduction Act. We shall continue to assist OMB in its assessment of the practicality of this concept and look forward to having further evidence of progress.

In summary, the job of taming the Federal paperwork monster is well underway, but there is much to be done. We at the council will continue to assist the Congress and the Federal agencies in every way possible. We appreciate this opportunity to bring you the views of the business community on the major initiatives made possible by the 1980 act.

Thank you.

Senator DANFORTH. Thank you, Mr. Hardy.

Mr. McKevitt?

TESTIMONY OF JAMES D. McKEVITT, DIRECTOR OF FEDERAL LEGISLATION, NATIONAL FEDERATION OF INDEPENDENT BUSINESS, ACCOMPANIED BY SALLY L. DOUGLAS, ASSISTANT DIRECTOR, RESEARCH DEPARTMENT

Mr. MCKEVITT. Mr. Chairman, my name is Mike McKevitt. I am director of Federal Legislation of the National Federation of Independent Business.

In the interest of time, I would just like to make a brief abstract commentary of our testimony and submit our prepared statement for the record.

Senator DANFORTH. Without objection, a copy of your entire prepared statement will be inserted in the record.

Mr. MCKEVITT. I also would like to state that joining me is Sally Douglas, the assistant director of research, who has worked on the paperwork situation now for a number of years in conjunction with the Secretary of NFIB, who was a member of the Paperwork Commission and also with Senator Chiles of this committee.

First of all, I would like to point out, having heard the testimony of Mr. Anderson and having heard the answers he gave to your questions and having read his testimony as well, that we highly concur with the statements he made today and we also concur with the statements of Mr. Hardy. That pretty well sums up our recommendations and our feeling from the NFIB standpoint so far as the situation now exists.

I would like to add one thing to it, Mr. Chairman. As we testified in March 1981, we described the burden of federally imposed paperwork as a persistent and a pervasive problem for small firms. We would respectfully submit to you and to this committee that this problem still exists.

I would like to point out to you a survey which we made reference to in our testimony and of which we will give you an in-depth breakdown. We did this survey between mid-October and mid-November of last year. We mailed 20,980 questionnaires to a random sample of our membership of 571,000; 4,881 usable responses were received, for a response rate of 23 percent, on 72 possible small business problems.

Respondents ranked Federal paperwork 12th on the list. To put this in perspective, some other well recognized problems ranked much lower in severity. Obtaining long-term loans was 38th. Obtaining short-term loans was 45th. Obtaining investor financing was 53d. Good highways and roads was 55th. Street crime was 58th. Competition from imported products was 64th.

Again, as in other studies, the paperwork aspect of Government regulation outstripped other related facets such as finding out about regulatory requirements, which was 28th. The cost of Government's required inspections was ranked 50th.

Despite OMB's claim of significant burden reductions, paperwork is still a persistent and pervasive problem for small businesses. For such reasons, we highly concur in the comments of my colleagues Mr. Hardy and Mr. Anderson.

Thank you.

Senator DANFORTH. I have one question for each of you. Is the glass half full or half empty?

Mr. HARDY. Mr. Chairman, I would say the glass is half full or better than half.

Senator DANFORTH. We have had a major effort going on here. Mr. DeMuth testified that there has been a 29-percent reduction. Is that reflected in the experience of your membership?

Mr. HARDY. Yes; it is. There are some very major reductions in the paperwork requirements of many agencies. Yes; I would say that is reflected in our experience, Mr. Chairman. We endorse further reduction goals, of course, either legislatively or administratively or however we can get them, recognizing it will be a little more difficult in the future.

Senator DANFORTH. How would you respond, Mr. McKevitt?

Mr. MCKEVITT. I don't think I'd put the level at a half full. I think I'd put it at a much lower percentage. We are still hearing from our members. We have two employees in our office, Mr. Chairman, who deal with nothing but membership problems. Members either write in or call in from across the country. We still have a number of complaints insofar as just the paperwork burden. I still hear that classic comment, "If I'd known this I never would have opened the damn business."

Senator DANFORTH. Is it worth the effort under this act?

Mr. MCKEVITT. It is the only game in town, as was mentioned earlier to me, from this aspect. It is an effort. We would like to see, though, the beefing up, such as the amendment earlier this week in the House, to give credence, strength, and followthrough insofar as the original purpose of this act is concerned.

Senator DANFORTH. Do you mean as far as existing regulations are concerned?

Mr. MCKEVITT. Yes.

Senator DANFORTH. You don't agree with Mr. DeMuth that that has been clarified and that issue is behind us?

Mr. MCKEVITT. No.

Senator DANFORTH. Do you think it needs to be clarified by statute?

Mr. MCKEVITT. Yes; I think it needs to be clarified by statute.

Senator DANFORTH. Mr. Hardy, do you think it has been clarified?

Mr. HARDY. I think it has been partly clarified, Mr. Chairman, and we can live with it. However, the problem with the Department of Justice's legal opinion, I believe—and I don't have a legal education—is that another administration or another attorney general can issue another legal opinion, I believe, sir.

Now, if you do it by statute—and I thought you did when the Paperwork Reduction Act of 1980 was signed—then we are really in the ballgame on what is covered by the act. I think OMB has, to its satisfaction and to some extent general satisfaction, resolved the problem.

However, a statutory solution would be better, and I think my colleague Mr. McKevitt would agree that we need a statutory change.

Mr. MCKEVITT. Yes; that is what I said.

Senator DANFORTH. Do you or your members feel that OMB is responsive to complaints?

Mr. HARDY. There is no question about it. Our members do, too. They would just like more resources devoted to carrying out the act in the OIRA. They are quite responsive.

Mr. MCKEVITT. Let me have Sally Douglas answer that, Mr. Chairman, because she has dealt a great deal directly with that.

Ms. DOUGLAS. I would have to disagree a little bit with Mr. DeMuth's statement in terms of the responsiveness of OMB, particularly to small business complaints.

I listened with interest when Mr. DeMuth talked about the small businessman writing a little note to him. We have had some difficulty in establishing a clear and continuing relationship with them vis-à-vis an attempt to reduce the burden significantly for a small firm. We will continue to try to do that. We think it is very important, but there has been a little bit less responsiveness to our concerns than we would have liked.

Senator DANFORTH. My impression from the testimony of this panel is that Mr. Hardy and the Business Advisory Council on Federal Reports is generally positive about OMB's efforts about the way that the law has operated, although they would like to see clarification and strengthening and more manpower, and that Mr. McKevitt and Ms. Douglas and the NFIB have been generally negative and give them generally bad marks. Is that a fair statement?

Ms. DOUGLAS. In terms of implementation of the act and what our members perceive the effect has been, yes, it is negative because they are not seeing a measurable effect at this point.

Underlying that though, we were strong supporters of the passage of the Paperwork Reduction Act before. We would support reauthorization with the proviso that all interested parties participate in the process, that GAO continue to monitor the progress of implementation as vigorously as they have done, that Congress

continue to exercise their oversight rights and responsibilities vigorously, and that we in the community maintain watchdog attitudes. So, it is negative in the sense that the average small business member does not see any perceivable effect at this point overall.

Senator DANFORTH. There has been no perceivable effect?

Ms. DOUGLAS. There have been gains in some areas and losses in others. I think that one of the things that encouraged our small business contractors, for example, was when OMB came out with their proposed ruling and clearly brought the procurement related paperwork under the review. That is a highly significant point.

Paperwork is what keeps many small businesses from contracting with the Federal Government in the first place. I am not saying that they are not trying at all. It is just that it takes a while for the internal mechanisms of government to show any real gains to the average man on the street, and I don't think we are seeing as many of them as we would like to have by this point.

Mr. MCKEVITT. I would like to make one comment, Mr. Chairman. The observation I have is this. First of all, I don't want to finish it on a negative note. I would like to point out people like Mr. Tozzi have been very accessible as far as I am concerned. I think he can get to the heart of the problem, for which I commend him and I think he has been invaluable to OMB from this standpoint.

I think maybe one of the problems you have is the fact that the Paperwork Reduction Act was signed by the previous administration. Sometimes there is pride of authorship or pride of administration, and they will say that it was the previous president who signed that legislation and that they should get on with their own particular thing.

What the present administration is doing in their own endeavors is commendable, but this was a very worthwhile project as well. We would like to see, therefore, some oomph given to that to make sure that it is carried out properly.

Mr. HARDY. Mr. Chairman, with regard to responsiveness, of course it depends how you define it. Is OMB open to us, to our groups, committees, so on? The answer is "yes." Do we get 100 percent of every recommendation we make on changing the form? Of course, we don't. They are hampered sometimes by their own regulations, sometimes by the agencies themselves. My almost 45 years of experience in this town would lead me to believe it would be unrealistic to expect 100 percent.

However, we have to say that there has been progress and response to paperwork problems. I think one of the big things for all business was the reduction in the size and information required on the quarterly report form 941 of the IRS, and the Truckers' Driving Log. Also, applying only to large firms, as Mr. DeMuth referred to, is the form BE-10 on foreign investment. Progress, yes; responsiveness, yes; and much more to go.

Then there is another problem that I guess will be before this committee before too long, sir; that is, State and local paperwork and integration thereof, which is so big that it is hard for us to even look at all of it.

Mr. McKevitt. It is just like the IRS exclusion. Why, this is the biggest paperwork impact we have—the IRS. Why are they to be excluded? I think maybe it might be more forceful there. This warrants compromise by the other departments, such as the Treasury, to make it simpler and reduce paperwork as well.

I think Mr. Anderson touches on it when he talks about simplicity and maybe greater implementation of equipment so that we do have a universal input on forms. I think these are things that need to be done because there are just many ways they can still simplify insofar as small business is concerned.

Mr. Danforth. I want to thank you both very much.

[Mr. McKevitt's prepared statement follows:]

NFIB National Federation of Independent Business

1983 NATIONAL CONFERENCE NFIB

STATEMENT OF

JAMES D. "MIKE" MCKEVITT

DIRECTOR OF FEDERAL LEGISLATION
NATIONAL FEDERATION OF INDEPENDENT BUSINESS

Before: Subcommittee on Information Management and Regulatory Affairs, Senate Committee on Governmental Affairs

Subject: Oversight of the Paperwork Reduction Act (P.L. 96-511)

Date: May 6, 1983

Mr. Chairman, the National Federation of Independent Business (NFIB), which represents more than 500,000 small and independent business owners across the nation, is pleased to have this opportunity to participate in oversight hearings on the Paperwork Reduction Act (P.L. 96-511). We commend the Chairman and the members of the Subcommittee for their continued interest in monitoring the progress of implementation of the Act.

When NFIB appeared before you in March of 1981, we described the burden of Federally-imposed paperwork as a "persistent and pervasive problem for small firms."[1] The description bears repeating. No single facet of the government's regulatory activities has a greater impact on the universe of small businesses than paperwork. Over the years, NFIB has used several different approaches to survey our membership on the subject of regulation. We have on occasion been able to pinpoint significant differentiation in impact between

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industries, regions or states, size of businesses, etc. We can identify which agencies of the Federal government have an impact on the universe and which affect particular businesses. In all cases, however, paperwork is a constant underlying theme.

In our most ambitious project to date, we conducted a survey between mid October and mid November of last year. NFIB mailed 20,980 questionnaires to a random sample of the NFIB membership; 4,881 useable responses were received, for a response rate of 23%. Respondents were asked to rate, on a sliding scale of severity, each of 72 possible small business problems. Respondents ranked federal paperwork twelfth on the list. To put this in perspective, some other, well-recognized problems ranked much lower in severity: "Obtaining Long-Term Loans" (38), "Obtaining Short-Term Loans" (45), or "Obtaining Investor Financing" (53); "Good Highways and Roads" (55); "Street Crime" (58); and "Competition From Imported Products" (64). Again, as in other studies, the paperwork aspect of government regulation outstripped other, related facets, such as "Finding out about Regulatory Requirements" (28), and "Cost of Government Required Inspections" (50). What is particularly revealing is that, while some differentiation was noticed, no significant variations in ranking occurred between industries, size of business, or location of business. Despite OMB's claims of significant burden reductions, paperwork is still a persistent and pervasive problem for small business.

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If the Paperwork Reduction Act has indeed been implemented as successfully as OMB maintains, why has small business--specifically named in the Act as an intended beneficiary--not as yet felt any salutory effect? There appear to be any number of reasons why the Act is not having the effect intended by Congress and desired by the private sector. The problems seem to span the range from technical glitches to policy considerations. For example, the methodology OMB has chosen to measure burden hours seems insufficient to allow for an accurate assessment. For example, using 1980 as a base year for measuring burden might have been fine in 1981. But each year agencies discover new bootleg forms, and each year new reporting and recordkeeping requirements are added to the existing burden. As the total real burden is growing each year, it would seem to make sense to revise the base measurement from year to year to reflect more accurately any reductions accomplished and enhance the opportunity for net loss of burden hours.

The Paperwork Reduction Act was not intended to promote a numbers game, nor was it intended to provide the mechanism for promoting regulatory reform. There is, of course, a natural link between regulations and paperwork, and a strong case can be made that regulatory reform and paperwork reduction should be handled as a package rather than as separate items. OMB has chosen to pursue this line of reasoning, using the Office of Information and Regulatory Affairs established by the PRA to execute Executive Order 12291. NFIB is not unsympathetic to the political constraints placed upon a

President to maintain as small a staff as possible, nor are we unaware of the periodic battles for resources between the "M" underdogs and the "B" victors with OMB. From a policy standpoint, we fully support E.O. 12291. We also believe, however, that the legislative history is clear on the point of combining regulatory reform and paperwork control within OIRA. Both the Senate and the House addressed this issue, and clearly decided that OIRA be used exclusively for implementation of the Paperwork Reduction Act. The House report to H.R. 6410 was quite emphatic about the need to distinguish between regulatory reform in general and the information aspects of regulations. There was to be no assignment of regulatory reform activities to OIRA, for it would "dilute the information functions assigned under this bill."[2] The Senate report, on the other hand, discussed the importance of linking oversight of the regulatory activities of agencies with the "closely related information management functions assigned by the bill"[3] at some length. Nevertheless, the conclusion was essentially no different from the House: "the Committee does not intend that 'regulatory reform' issues which go beyond the scope of information management and burden be assigned to the Office by the Director."[4]

NFIB finds it particularly disturbing that OMB has placed such emphasis on E.O. 12291 while ignoring the Regulatory Flexibility Act (P.L. 96-354), which is an additional tool to hold the agencies accountable on their paperwork demands during the rulemaking process. Specifically, Section 603 of the RFA requires the

agencies, during preparation of an initial regulatory flexibility analysis, to include within such analysis a description of the projected reporting and recordkeeping requirements of the proposed rule, including an estimate of the small businesses which will be affected and the type of professional skills necessary for preparation of such requirements. Further, the agencies are to describe any significant alternatives to the proposed rule which would allow for accomplishment of policy objectives while minimizing economic impact on small firms. Again, the alternatives are to refer specifically to differing reporting requirements or timetables for small firms, or the clarification, consolidation, or simplification of reporting requirements. While enforcement of the RFA is primarily the responsibility of the Chief Counsel for Advocacy in SBA, clearly the aims of the Regulatory Flexibility Act and the Paperwork Reduction Act are similar. In both statutes, small business is an intended beneficiary of responsible rulemaking and reduction in paperwork burden. Yet OMB refused to do an initial regulatory flexibility analysis before publishing the proposed rule on controlling paperwork, even though the impact of paperwork on small business was mentioned specifically in the preamble, and OMB said it was publishing the rule in strict accordance with the public notice and comment requirements of the Administrative Procedures Act, which reg flex amended.

In our comments to OMB on the proposed rule, we stated that we do not doubt that OMB is in fact cognizant of the need to protect

small business against undue paperwork demands by federal agencies. We believe, however, that the procedures established under the paperwork rule could be strengthened specifically if the provisions of the Regulatory Flexibility Act had been complied with by OMB before publication of the rule, and if they were used by OIRA to strengthen the clearance process.

The House Government Operations Committee this week marked up H.R. 2718, the Paperwork Reduction Act Amendments of 1983. The bill included a section to prevent any funds appropriated for OIRA from being used for any function or activity not specifically authorized or required by the Paperwork Reduction Act. NFIB supports the House provision as a means of establishing clear accountability for OMB's use of funds. We have been disturbed by GAO's continuing reports that a significant portion of OIRA resources are being allocated to implementation of E.O. 12291. It seems to us a contravention of the law, and it has no doubt delayed full implementation of the PRA.

Unquestionably, the opinion written last summer by the Office of Legal Counsel in the Department of Justice has been the most damaging impediment to full implementation of the Paperwork Reduction Act. We could easily go on at some length about the OLC opinion, ostensibly based upon an in-depth review of legislative history, but which in fact disregards completely the findings of the Commission on Federal Paperwork, related hearings on the Federal Reports Act in 1979, the Alaskan Pipeline Act Amendments of 1973, and other, salient items in

the record of the PRA itself. Suffice it to say that this 56-page memorandum had the unfortunate consequence of lending some credence to agencies' allegations that the PRA did not give OMB the authority to review and disapprove reporting and recordkeeping requirements contained within regulations. The OLC opinion declared that these kinds of requirements are not subject to Section 3512, the public protection clause. As as result of the OLC opinion, OMB, in issuing the proposed rule to establish the guidelines for paperwork clearance, was under no small pressure to retract its authority in this regard and adopt a compromise position. The net effect is that no clear signal can be given to the small business community and other interested parties as to whether they would be protected under Section 3512 if they refused to comply with information requirements in regulations.

The OLC opinion and its ramifications are more than disappointing; they are a travesty. The Paperwork Reduction Act can only be effective if the broad authority granted by Congress to OMB over the length and breadth of the paperwork maze is executed vigorously. Further, as Senator Chiles has stated, the public protection clause is the trigger to the Paperwork Reduction Act. There was no such clause contained in the PRA's precursor, the Federal Reports Act. There was no clear signal given to the public that a paperwork clearance process existed, and that they had any legal recourse whatsoever against the burdensome demands of Federal agencies for information. To those of us in Washington, it is

critical to establish an efficient intra-governmental system of information management as a means to an end. The average small business owner, however, is not fully aware of internal governmental systems. He is interested only in the end, i.e. meaningful reduction of his paperwork burden.

NFIB sees the OLC opinion as being particularly damaging to the accomplishment of this end, because small business will have no real protection against the overwhelming information demands buried deep within regulations. In our years of involvement with paperwork reform efforts, we have stressed continually that focusing solely on the actual forms which emanate from federal departments and agencies and which must be prepared and submitted by businesses are only the tip of the iceberg. Part of the problem for small business is, in fact, self-imposed. A significant number of factors which must be considered in measuring the paperwork burden have more to to with recordkeeping than with the requirements for forms themselves. Perhaps this is because much of the recordkeeping is not directly tied to submission of forms so much as it is a means of protection for the business owner, a way of establishing that he is in compliance with the various and sundry laws and regulations which impact on him as a businessman and as a citizen. And while there undoubtedly is a case to be made that some business owners do not--or will not--keep adequate records for government information purposes, an equally strong argument can be made that there is a tendency among business owners to keep too many records, too much

useless information, even when not specifically required to do so. There is no doubt, however, that the inability of some government agencies to specify in clear and simple instructions exactly what it is they are asking for and exactly how the information will be used is a contributing factor to the problem. Recordkeeping requirements are all too often vague, both in terms of the scope of information to be maintained and in the length of time they are expected to be kept.

These kinds of information requirements were not subject to the Federal Reports Act clearance process. Despite the OLC opinion, reporting and recordkeeping requirements contained within regulations were clearly intended to be covered under the Paperwork Reduction Act, and this intention must be made absolutely clear to all agencies. The marked-up version of H.R. 2718 referred to earlier contains an amendment offered by Mr. Horton, who chaired the Commission on Federal Paperwork, to clarify the intent of the Kennedy amendment (Section 3504(h)). The amendment makes clear that upon publication of a proposed regulation which contains, or from which is derived, an information collection request, that request must be submitted to OMB for clearance. Unless OMB approves the request, the agency cannot require the information.

Second, clear statutory authority is given OMB to place all existing information collections contained within, or derived from, regulations on the OMB inventory. All such requirements will be

subject to the public protection clause. All uncleared regulation-based collections must be submitted by the end of this year to OMB for clearance, and OMB must approve or disapprove all submissions by March 1, 1984. If a collection is not approved by that date, the public does not have to comply with the requirement.

NFIB wholeheartedly supports Mr. Horton's amendment, as it should eliminate any discrepancy between intent and interpretation. We might add a note of caution, however. A significant portion of the OLC opinion is based on differences in semantics. For this reason, we stress that if and when the Senate decides to re-authorize the Paperwork Reduction Act, clarification of the Kennedy amendment must be carefully worded to insure that all regulation-based reporting and recordkeeping requirements be covered under the clearance process, whether or not these requirements result in, as the OLC stressed, actual "instruments," or forms, for collection and/or retention of information.

ENDNOTES

1 Testimony of James D. "Mike" McKevitt, before the Subcommittee on Federal Expenditures, Research and Rules, Senate Committee on Governmental Affairs, March 18, 1981.

2 H.R. Rep. No. 835, 96th Cong., 2d Sess. 9 (1980).

3 S. Rep. No. 930, 96th Cong., 2d Sess. 8-9 (1980).

4 Ibid.

Senator DANFORTH. We will now hear from Mr. Fienberg, chairman, Committee on National Statistics, National Research Council.

TESTIMONY OF STEPHEN E. FIENBERG, CHAIRMAN, COMMITTEE ON NATIONAL STATISTICS, NATIONAL RESEARCH COUNCIL

Mr. FIENBERG. Mr. Chairman, I am Stephen E. Fienberg, professor of statistics and social science and head of the Department of Statistics at Carnegie-Mellon University. I also serve as chairman of the Committee on National Statistics at the National Academy of Sciences, National Research Council.

The committee has an ongoing interest in and responsibility for reporting upon the coordination of Federal statistics and statistical policy, activities now mandated by provisions of the Paperwork Reduction Act.

I wish to thank you for the opportunity to appear before you today in order to present the committee's views on the statistical provisions of the act. We believe that changes are required to insure that the current failure of the Office of Management and Budget to provide effective leadership for and coordination of Federal statistics will not continue.

In addition, I plan to present my own personal views on the present state of Federal statistics which go beyond those of the official position of the committee. I will go as far as to suggest a bold new initiative that Congress could make in this area that not only would repair the damage resulting from OMB's recent neglect of statistical issues but also would, I believe, have a lasting impact on the quality and utility of data required to inform policy decisions and legislative action.

Why is there a problem with Federal statistics? There are some problems in the Federal Government that shock the Congress and make headlines across the Nation. For example, we can all recall recent events at the Environmental Protection Agency. First, there were deep budget cuts; they made the evening news on television. Then allegations abounded regarding EPA's toxic waste program. Suddenly, there was the revelation of the contamination of Times Beach, Mo. There were a series of congressional oversight hearings. Finally, there was a sweeping round of resignations by senior EPA officials and a Presidential press conference to announce the nomination by the President of William Ruckelshaus as Administrator to salvage the EPA and to restore its tarnished image.

But the EPA is not the only place in the Federal Government where over the past 2½ years the administration has instituted massive budget reductions and staff cuts. Almost unnoticed by the news media and by Congress, administrators in the Office of Management and Budget have systematically dismantled the small group of professionals charged with Federal statistical policy and coordination. There have been concomitant cutbacks in selected statistical programs.

If the cutbacks in Federal statistical Programs are so serious, why haven't you been reading about them in the newspapers? The truth is that the invidious and pervasive aspects of the deterioration in the quality and integrity of Federal statistical programs don't have the news appeal of toxic waste contamination and a

Times Beach crisis. Besides, it's not easy to tell when the accuracy of a statistical series has changed for the worse. Yet the statistics collected and reported by the Federal Government form the basis of policies and decisions that affect all of us.

Federal statistical data and formulas are used to allocate annually more than $100 billion under various Federal domestic assistance programs. Although the Office of Federal Statistical Policy completed a major study of the use of Federal statistics in determining eligibility for and allocation of Federal funds in 1979, once that office was moved back to OMB by the Paperwork Reduction Act of 1980, attention to the review and use of allocation formulas was virtually nonexistent.

A small change in the Consumer Price Index can trigger billions of dollars in union-negotiated wages and adjustments, but the Bureau of Labor Statistics has been struggling to get attention and support for a carefully planned program to redesign the CPI and increase its accuracy.

Cutbacks in funding of educational statistics surveys the Office of Civil Rights from monitoring the desegregation of small rural and suburban school districts. Bureau of the Census information on the dynamics of the rental housing market may affect policy on rent control in a city such as Chicago. Yet the quality and quantity of Federal statistical data on housing has diminished substantially as the budget of the annual housing survey has been slashed, and the survey has changed from an annual to a biennial one.

The same story can be told about virtually every area of the Federal Government. Crucial decisions are being made regarding our Nation's economic and social well-being by an administration that is not well informed about the quality of the statistical data entering into these decisions. How did this sad state of affairs come about?

For almost 50 years, from 1933 until 1982, the Federal Government had a separate unit—for the most part within OMB and its predecessor agencies—responsible for coordination of the individual statistical programs scattered among various Federal agencies and departments. Despite the fact that the Federal statistical programs were expanding rapidly during that 50-year period, resources for the statistical policy function reached a peak just after World War II and suffered a gradual decline over the ensuing 30 years. Even so, at the beginning of the present administration, there was a staff of at least 25 professionals in the Office of Federal Statistical Policy and Standards.

The Paperwork Reduction Act of 1980 provided a new legislative mandate for statistical policy returning this function to OMB from a 4-year exile in the Department of Commerce. Implementing the provisions of the act, OMB officials downgraded the statistical policy unit from a division to a branch, awkwardly combined the statistical functions with OMB's regulatory management activities, and recycled most of the professional statistical positions for nonstatistical staff preoccupied by other duties. Finally, in April 1982 OMB abolished its separate statistical unit and reassigned almost all of the remaining staff. Only three full-time professionals now work on statistical policy at OMB.

OMB's action provoked widespread criticism by concerned producers and users of Federal statistics. On June 3, 1982, the Subcommittee on Legislation and National Security of the House Committee on Government Operations held an oversight hearing focused specifically on those provisions of the Paperwork Reduction Act dealing with statistical activities.

At this hearing several witnesses testified that the April 23 reorganization of OIRA jeopardized the integrity of the Nation's statistical system and made it virtually impossible to attain the much-needed coordination of statistical policy.

Based on its June hearing, the Committee on Government Operations issued a special report on September 30, 1982, in which it made five recommendations to the Director of OMB. Three of those directed OMB to: (1) insure that OIRA is staffed with an adequate number of qualified individuals to properly discharge the office's responsibilities concerning statistical matters as mandated by the Paperwork Reduction Act of 1980; (2) insure that an individual who is professionally qualified to supervise statistical policy matters be hired to advise the Administrator of OIRA and the Director of OMB on how best to carry out their statistical functions set forth in the Paperwork Reduction Act of 1980; and (3) reconsider the decision that resulted in the elimination of the statistical policy branch as a distinct entity within OIRA.

In a letter dated December 3, 1982, the Administrator of OIRA, Christopher DeMuth, responded to these specific recommendations by: (1) declining to devote additional OMB staff to statistical policy, but saying that OIRA was exploring with other agencies ways in which we could buttress our current core staff to enhance its efforts; (2) agreeing to designate a chief statistician to serve as the head of OIRA's statistical policy staff; and (3) continuing to claim that OIRA's new organizational structure was sensible for effective overall statistical policy coordination.

At best, I find this OMB response to be totally inadequate. How easy will it be to find a properly qualified chief statistician to direct a virtually nonexistent staff with no separate organizational authority? Furthermore, attempting to borrow individuals from other agencies, which are already reeling from a sequence of severe budget cutbacks, seems at least misguided, if not impossible. To date, a chief statistician has yet to be appointed, and the same three full-time statisticians still struggle to keep abreast of Federal statistical activities.

The only thing that seems to have improved is Mr. DeMuth's rhetoric. He now takes credit for virtually every new initiative in such established statistical agencies as the Bureau of the Census and the Bureau of Labor Statistics, and even for projects, such as the revisions of the Standard Industrial Classification Manual, whose 5-year delay until 1987 is a direct result of OIRA's own neglect.

Now, I will talk about the recommendations of the Committee on National Statistics. The recent record of failure to provide for coordination and leadership for Federal statistics shows that the coordination of Federal statistical programs is required explicitly by legislation. After considerable study, the Committee on National Statistics urges this subcommittee, in reauthorizing the Paperwork

Reduction Act, to incorporate new provisions designed to insure a viable and separately structured unit to fulfill the needs for coordinating Federal statistics and for maintaining and improving their quality and integrity.

Our position is described in detail in the statement appended to my testimony.

Senator DANFORTH. Without objection, a copy of that statement will be inserted in the record.

Mr. FIENBERG. The key recommendation is that the legislation should contain four basic provisions as follows: (1) Is a clear, carefully considered statement of the functions of a statistical policy and coordination unit; (2) is the legal authority needed to perform these functions; (3) is an explicit requirement that an organizational unit devoted solely to statistical policy and coordination be established and maintained; and (4) is the creation of a position of a head of this statistical coordination unit at a sufficiently high level to give the function the necessary authority.

The location and functions of a statistical policy unit have been extensively studied and discussed during the past few years. Creation of a separate organizational entity within the Executive Office of the President has been widely recommended. This location would provide a setting from which the unit could act with the necessary authority.

With carefully constructed legislative safeguards for the independence of the unit, the Executive Office of the President would be a suitable location and one which the Committee on National Statistics would support. We would not, however, rule out other locations as long as provision is made for an adequately staffed unit with strong and professionally sound leadership, as well as sufficient authority and independence of action.

The appended statement notes that the head of the proposed new statistical unit will be the chief statistical officer of the United States and needs to have status and qualifications requisite to leadership responsibility of recommending and coordinating policy and standards to be followed by the heads of the operating statistical agencies of the Federal Government.

The committee carefully refrained from specifying how the legislation might help to achieve such status. At the present time, four of the heads of Federal statistical agencies hold the rank of Presidential appointee, with one of them having a fixed-term appointment. My personal view is that, to balance the need for status and authority of the chief statistician, with the protection that this individual requires from real or perceived political influence in the execution of his or her responsibilities, the legislation should establish the chief statistician's position as a fixed-term Presidential appointment, subject to confirmation by the Senate.

Before concluding my statement, I would like to share with you a specific and very elaborate proposal of my own, a proposal I believe to be consistent with the position of the Committee on National Statistics. If the proposed new unit is to be effective and provide true leadership in Federal statistical activities, I believe it must go beyond the historical role of coordination, forms clearance, and budget review and beyond the functions specified in the Paperwork Reduction Act of 1980.

It should develop long-range plans for improved performance of Federal statistical activities and programs. It should coordinate, through budget review, the diverse components of the Federal statistical system. It should oversee governmentwide statistical policies and practices. It should prepare and administer standards and guidelines on the use of allocation formulas that rely on statistical data as well as facilitate consultation with statistical agencies to insure that the most appropriate, best quality, and most timely data and statistical estimates are used in allocation formulas. It should introduce new statistical methodology for improving quality.

It should evaluate Federal statistical activities and programs by means of periodic technical audits. Such audits provide an opportunity for review of performance, reassessment of objectives, the updating of outmoded methodologies, and the careful planning required to make data more relevant for policy purposes in the future. It should foster statistical careers in government through the setting of recruitment and retention criteria and practices. It should review the appointments of senior statistical personnel. It should develop and oversee a governmentwide program of inservice statistical training.

It should encourage the innovative analysis of data already being collected for other purposes and help to preserve the research and development activities of Federal statistical agencies. It should recommend the elimination of redundant statistical activities and the consolidation of programs with substantial statistical components. It should provide technical guidance to statistical and nonstatistical agencies in drawing up specifications for and monitoring the performance of statistical contractors. It should advocate, at high levels of government, the funding of changes and improvements in statistical programs. It should serve as the official international representative of U.S. Federal statistics and foster international exchanges of information about data bases, computer systems, and analytical methods.

To facilitate the implementation of such a broad mandate, a durable and effective organizational structure is required. To this end I propose that Congress consider the creation of a council of statistical advisers [CSA] in the Executive Office of the President, with three full-time council members, including a chairman, who would serve simultaneously as the head of the new statistical unit and thus, as chief statistician of the United States, appointed for terms of fixed length by the President, subject to Senate confirmation.

The advisors would be nationally known and respected professional statisticians, with knowledge of and/or background in Federal statistical activities, and they would provide leadership for the new statistical policy and coordination unit, which would be staffed by technically trained statistical methodologists and personnel experienced in Federal statistical programs.

Through its location in the Executive Office of the President, the CSA would have access to policymakers and direct reporting responsibility to the White House. The name of the new structure itself suggests the special policy advisory role the CSA could play for the executive branch. At the same time, the requirements for Senate confirmation of the CSA members and the appointment of professional staff should insure the apolitical nature of the council.

In addition, I believe that the enabling legislation for the CSA should require it to report on a periodic basis to a joint Senate-House Committee on Statistics with responsibility for the Federal statistical system and its performance, as well as Government statistical issues more broadly. To insure a balanced approach to the conduct of statistical policy and coordination within the CSA, the enabling legislation should require three distinct advisory committees.

The first of these would consist of representatives of major statistical agencies and executive departments and would help to review national versus departmental statistical priorities. The second would be an external advisory committee of users, including representatives of major business groups and professional associations. The third would be an external technical advisory committee that would provide independent methodological advice on evaluation, analysis, and the conceptual basis of statistical programs. Both external committees would be selected without regard to partisan political affiliation and their members would serve for staggered 3-year terms, thus making for independence, stability, and quality advice.

In summary, the atmosphere of uncertainty and weakness that has surrounded the statistical policy function has prevailed for too long and has been damaging to the quality and integrity of Federal statistical programs.

We need early attention and effective action that will guarantee the coordination of and leadership for one of our Nation's most vital Federal resources. The reauthorization of the Paperwork Reduction Act presents Congress with the opportunity to take such action.

The Committee on National Statistics stands ready to be of assistance as you reassess the provisions of the Paperwork Reduction Act and reconsider the location, function, and structure for Federal statistical policy and coordination.

Senator DANFORTH. If the four recommendations you mentioned were to be brought into being would you be satisfied?

Mr. FIENBERG. No. Those four recommendations are what the committee believes to be the minimal possible changes in the Paperwork Reduction Act that will insure that some activity will go on in the Office of Management and Budget that will work toward the coordination of Federal statistical programs.

My own view is that we need far more. Remember that only 2½ years ago there were 25 professionals working on statistical policy and coordination. By hiring a chief statistician, which is what we hear to be the proposal of Mr. DeMuth, OMB would be changing from three to four full-time statisticians. I can't see that four people are going to keep abreast of what is going on in the Federal Government in the statistical area.

My own proposal is for a far-reaching organization structure completely separated from ORIA and possibly separated from OMB.

Senator DANFORTH. Thank you very much.

[The appendix to Mr. Fienberg's testimony follows:]

Appendix to Testimony of Stephen E. Fienberg

Committee on National Statistics
National Academy of Sciences - National Research Council

STATEMENT ON THE COORDINATION OF FEDERAL STATISTICS AND STATISTICAL POLICY

In the absence of Congressional action to extend its provisions, the Paperwork Reduction Act will expire at the end of this fiscal year. The Committee on National Statistics believes that prompt attention should be given to extending the statistical authorizations contained in the Paperwork Reduction Act. We further believe that reauthorization of this legislation presents an opportunity to broaden and strengthen the mandate for statistical policy and coordination.

Why Statistical Policy and Coordination Are Important

Federal statistical activities are decentralized, with components in every government department and in many independent agencies. Statistics collected for the purpose of one agency are used for many other purposes by other agencies. Conversely, agencies that report important national indicators or administer or evaluate national programs depend on myriad sources of data managed or collected by other agencies. Strong and effective coordination of federal statistics is required to increase their relevance for national policy purposes, to protect their integrity, to improve their quality, and to collect and use them more efficiently.

Currently, OMB is failing to provide effective coordination of federal statistics; in particular, it is not determining overall program priorities nor achieving an efficient well-planned total program. The continued absence of effective coordination already has impaired the quality of the statistical program and threatens to have even more serious consequences, including the following:

- General lack of confidence in the integrity, objectivity, and adequacy of the statistics relied upon to inform public policy and decisions of business, industry, and labor that affect the economy.
- Inefficiencies in data collection resulting from duplication of effort, from the failure to collect data with comparable definitions and classifications, and from impediments to sharing data among agencies. For example, the protracted delay in basing the

design of major household surveys on 1980 census data has resulted in more costly surveys. Furthermore, impediments to agencies' sharing the Census Bureau's Standard Statistical Establishment List have led to less efficient samples, duplicated efforts, and data of poorer quality.

- Gaps in the data required to aid the administration and evaluation of social programs and to inform the public of our nation's social and economic condition and the accomplishments of our government. For example, the discontinuance of monthly labor turnover statistics deprived those who study the economy of an important indicator. In addition, the Bureau of Labor Statistics has had to abandon all of its efforts to improve local area employment information.

- Lack of data of sufficient accuracy for policy purposes, because of the failure to adhere to uniformly high quality standards. For example, implementation of a revised Standard Industrial Classification Code to reflect those industries that have emerged in the last ten years has been delayed, with the result that current economic statistics do not focus on important industries.

Further examples of consequences to federal statistics are documented in the U.S. House of Representatives reports of the March 16, 1982 hearing on the impact of budget cuts on federal statistical programs, before the Subcommittee on Census and Population, and the June 3, 1982 hearing on federal government statistics and statistical policy, before a subcommittee of the Committee on Government Operations.

Legislation Required for Effective Policy and Coordination

The recent record of failure to provide for coordination and leadership for federal statistics shows that the coordination of federal statistical programs is required explicitly by legislation and that the legislation should contain four basic provisions:

- A clear, carefully considered statement of the functions of a statistical policy and coordination unit.

- The legal authority needed to perform these functions.

- An explicit requirement that an organizational unit devoted solely to statistical policy and coordination be established and maintained.

- Creation of a position of head of this statistical coordination unit at a sufficiently high level to give the function the necessary authority.

How the Current Situation Evolved

From 1933 through 1980 a statistical policy unit, located for most of that time in the Office of Management and Budget and its predecessor agencies, operated under legal authorities provided by the Budget and Accounting Procedures Act and the Federal Reports Act to coordinate the decentralized U.S. statistical program.

In the mid-1970s, OMB began a gradual process of devoting fewer staff resources to the function of statistical policy and accorded it less authority and less visibility. In 1977, the staff was further reduced and the function was shifted to the Department of Commerce.

The Paperwork Reduction Act of 1980 provided a new legislative mandate for statistical policy. It required that this function be returned to OMB and placed within the new Office of Information and Regulatory Affairs (OIRA). The statistical policy unit was downgraded to a branch and awkwardly combined with OMB's regulatory management activities. The continuing preoccupation of OIRA with paperwork reduction and regulatory matters has left little room for focussed attention to matters of statistical policy and coordination.

In the spring of 1982, OMB abolished its statistical policy unit entirely, merging the legally mandated functions assigned to the unit with other activities. At the same time the staff resources available for statistical policy work were further reduced: only three full-time professionals work on statistical policy at OMB.

On June 1, 1982 the Committee on National Statistics sent a letter to OMB Director Stockman, urging him to reconsider the recent actions and to work toward the creation of a strong central statistical presence in the Executive Office of the President. Following a June 1982 hearing by its relevant Subcommittee, the House Government Operations Committee issued an explicit recommendation to Director Stockman that the statistical policy branch be reconstituted under the direction of a suitably qualified individual. OMB responded only in part, by agreeing to hire a "chief statistician" and seek some additional staff, but to date no one has been hired and no additional staff have been transferred.

Proposals for a Statistical Policy Unit

The experience of the past two years has demonstrated that simply mandating the statistical function, while necessary, is not sufficient. The law also should require specifically the continuing existence of an organizational unit explicitly assigned statistical policy and coordination as its sole function. This unit should be headed by a person of outstanding professional competence in statistics and of unquestioned integrity, and should be provided with adequate staff, including experts in statistical methodology and personnel knowledgeable about federal statistical programs. The unit should be so located and organized that its head can speak and act with authority on statistical matters.

The head of the unit is the chief statistical officer of the United States on matters of policy and standards and in dealings with chief statisticians of other countries and international organizations. He or she needs to have status and qualifications requisite to leadership responsibility of recommending and coordinating policy and standards to be followed by the heads of the operating statistical agencies of the federal government.

The location and functions of a statistical policy unit have been extensively studied and discussed during the past few years. Creation of a separate organizational entity within the Executive Office of the President has been widely recommended. This location would provide a setting from which the unit could act with the necessary authority. With carefully constructed legislative safeguards for the independence of the unit, the Executive Office of the President would be a suitable location and one which the Committee would support. We would not, however, rule out other locations, as long as provision is made for an adequately staffed unit with strong and professionally sound leadership, as well as sufficient authority and independence of action. We do see the need for an organization separated from activities pertaining to regulation and administrative paperwork reduction.

The Committee on National Statistics

Following a recommendation of the President's Commission on Federal Statistics, the Committee on National Statistics was established in 1972 at the National Academy of Sciences to provide an outside review of federal statistical activities. The Commission envisioned that this committee would:

- Provide a review of federal statistical activities, on a selective basis, by a group of broadly representative professionals without direct relationships to the federal government.
- Conduct special studies of statistical questions it deemed important because their favorable resolution would contribute to the continuing effectiveness of the federal system.
- Maintain liaison with related existing groups and with statistical agencies of the federal government.
- Have as an important part of its responsibilities the review of activities of the Statistical Policy Division of OMB (the unit then responsible for government-wide statistical planning and coordination).
- Transmit its findings to the Director of OMB and to the public.

Since its founding the Committee on National Statistics has monitored the work of the Statistical Policy Division and its successors, and the Committee continues to have a special concern with the coordination of federal statistics and statistical policy. Because of its charge by the President's Commission, the Committee has a responsibility to state its views on the importance of statistical policy coordination and the need for legislative and administrative action to strengthen this activity as Congress considers reauthorization of the Paperwork Reduction Act of 1980.

The atmosphere of uncertainty and weakness surrounding the statistical policy function has prevailed too long and has been damaging to the quality of the statistical program. We urge early attention and effective action that will ensure the coordination and leadership of our nation's statistical programs.

Senator DANFORTH. The hearing is now adjourned.

[Whereupon, at 11:50 a.m., the subcommittee adjourned to reconvene at the call of the Chair.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

RESPONSES OF OIRA TO WRITTEN QUESTIONS SUBMITTED BY SENATOR LEVIN

1. **What is the total staffing level for FY83 for OIRA?**
OIRA has 80 positions for FY83.

   a) **Of the total staff how many person/years does OIRA have in FY83 performing its paperwork reduction functions?**

   b) **Of the total staff how many person/years does OIRA have in FY83 performing its regulatory review functions under Executive Order 12291?**

The Office of Information and Regulatory Affairs (OIRA) combines Executive oversight of information resources management and regulatory development because OIRA Paperwork Reduction Act responsibilities and OMB's role under Executive Order 12291 are highly complementary. The enormous recent growth in federal paperwork has been predominantly for regulatory or compliance purposes. Those areas comprise about 78 percent of the total federal reporting burden in FY 1982.

A unifying theme of the Paperwork Reduction Act is that information is a scarce economic good--which like all goods has costs of production as well as benefits of use--for both the government and public. This scarce economic resource needs careful management. Consequently, our oversight of information resource management and agency regulatory activity reflect the same policy concerns--to reduce burdens on the private sector, and to encourage agencies to seek the least burdensome alternatives, consistent with law, to achieve these objectives.

OIRA has designated most of its staff to serve as "Desk Officers" for one or more Executive branch agencies. Supported by Economists and Statisticians, the Desk Officer oversees the information policy, paperwork, and regulatory activities of the assigned agencies. This provides a consistent, clear line of responsibility for oversight and appropriate coordination of regulatory and informational activities.

As a result, our responsibilities under the Paperwork Reduction Act and Executive Order 12291 are completely intertwined, both in terms of staff and use of funds. We plan to retain this mutually supportive oversight structure in FY 1983.

2. **Please indicate which staff (by position and grade) review a regulation for purposes of Executive Order 12291. Please provide an organizational chart for OIRA.**

As explained above, one of the duties of Desk Officers is to review regulations pursuant to our responsibilities under Executive Order 12291. Desk Officer positions are currently filled by persons ranging from GS-11 to GS-15. Junior Desk Officers are closely supervised by their more senior colleagues, Branch Chiefs and the Deputy Administrator. In addition to the Desk Officer, a Budget Examiner (GS-9 to GS-15) and an Economist (GS-13 to GS-15) review most rules.

Our current organization chart is attached (Tab A). We have just hired a Chief Statistician and will soon reorganize the Regulatory and Statistical Analysis Division.

3. **When a proposed or draft regulation is received in OMB/OIRA, describe the process by which it is reviewed for paperwork burden.**

OMB's process for the review of regulations under the Paperwork Reduction Act is detailed in the regulations it recently issued at 5 CFR part 1320, "Controlling Paperwork Burdens on the Public" (48 FR 13667). A copy of the preamble and final regulation are attached (Tab B).[1] Section 1320.13 establishes the process for proposed regulations, and Section 1320.14 sets out the procedure for regulations already on the books which have uncleared information collection requirements.

OMB's role in this process is to review the material submitted by agencies for clearance to insure that all information collection requirements are identified and that these activities meet the tests of the Act and implementing regulation. As with regulations, the primary responsibility for this review rests with the Desk Officer. The Desk Officer is responsible for evaluating the request, ensuring that the review is coordinated with other interested staff in OMB, and preparing a recommendation on the action OMB should take. This recommendation is reviewed by at least one manager, and in highly controversial cases, the final decision may be made by the Director of OMB or the Administrator of OIRA. The agency received both an oral and written notification from OMB. All of our dockets are available for public inspection.

4. **When a proposed or draft regulation is received in OMB/OIRA, describe the process by which it is reviewed for purposes of Executive Order 12291.**

The purpose of OMB's review is to determine the rule's consistency with the principles established in Executive Order 12291. We have established a systematic and supervised system of coordinating and conducting this review.

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[1] Tab B, "Controlling Paperwork Burdens on the Public," from the Federal Register, Mar. 31, 1983, may be found in the files of the subcommittee.

The focal point of the review effort is the Desk Officer. Each rule is reviewed by the Desk Officer, a Regulatory Analyst, and a Budget Examiner. The Desk Officer coordinates the comments and recommendations of the other reviewers, who may also include Management Reform staff, Assistants to the President, or members of the Council of Economic Advisors. The Desk Officer acts as the liaison with the agency submitting the rule, to ask any questions or negotiate any changes. If the Desk Officer needs more time than that allotted by Executive Order 12291, he or she sends the request, with the reasons that more time is needed, through the Branch Chief and Deputy Administrator. The Administrator sends written notifications of extended review to the agency.

When the Desk Officer is ready to conclude review, he or she sends the rule and the OMB staff evaluation up to the Deputy Administrator. The Deputy Administrator may concur or ask for additional analysis. Generally, when a rule is "consistent" or "consistent with change", the decision is communicated back to the agency by telephone by the Desk Officer.

If OMB determines that the rule is inconsistent with the Executive Order, the Desk Officer prepares a memorandum to the Administrator explaining the reasons for this finding. If he agrees, the Administrator sends a letter to the agency returning the rule for reconsideration, and explaining briefly our reasons for that finding.

5. **Describe how OIRA coordinates the two functions, i.e. the paperwork reduction and Executive Order review.**

The Desk Officer performs both functions--reviews Executive Order 12291 submissions and regulations submitted for clearance under the Paperwork Reduction Act. We believe that the substantive expertise developed by the Desk Officers in working with all submissions prepared by an agency makes both types of reviews far more efficient and consistent than they would be if each type were conducted by different analysts.

While the nature of the reviews under each authority differs to some degree in scope and direction, they both are concerned with reducing the government's regulatory burdens on the public, and the same broad principles are appropriate in evaluating these actions. In both cases, we evaluate whether the agency's proposed action will accomplish its goal effectively with a minimum burden and cost, whether overlap exists with other federal programs or there is any inconsistency or duplication, and the practical utility or effectiveness of the activity. The result of our "Desk Officer" structure, we believe, is effective oversight of government actions imposing paperwork burdens within regulations.

6. Which regulations are reviewed only for purposes of Executive Order 12291? How does OIRA determine not to review those regulations for purposes of the Executive Order?

We review virtually all Executive branch agency regulations under Executive Order 12291 with the exception of those classes of regulations exempted (see Question 11) and those issued by agencies under the exemption in Section 8 of the Executive Order for emergencies and statutory or judicial deadlines. Independent regulatory commissions are also exempt from Executive Order 12291 reviews.

7. Which regulations are reviewed only for purposes of Executive Order 12291? How does OIRA determine not to review those regulations for paperwork burden?

OIRA reviews regulations only for consistency with Executive Order 12291 when they do not contain any information collection requirements. Initially, the agency which drafts the regulation decides whether it requires approval under the Paperwork Reduction Act. This question is asked explicitly on Standard Form 83 which is attached to each request for review. During the review under Executive Order 12291, OMB checks the agency's determination and may challenge it. If we find unidentified information collection requirements, we ask the agency to submit them for review under the Paperwork Reduction Act.

8. Has OMB or OIRA published or made available to the public or to federal agencies any written or oral instructions on how to determine whether a proposed regulation is a "major" rule? If so, please provide a copy of all written documents so furnished and a summary of all oral instructions given.

The Executive Order itself provides the guidance for determining if a rule is major; Section 1(b) defines a major rule as "any regulation that is likely to result in:

1. An annual effect on the economy of $100 million or more;

2. A major increase in costs or prices for consumers, individual industries, federal, state or local government agencies, or geographic regions; or

3. Significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based enterprises to compete with foreign-based enterprises in domestic or export markets."

No other guidance has proven necessary.

9. Please provide a copy of all OMB and OIRA instructions or other written documents describing or giving guidance on how to determine whether a proposed regulation is a "major" rule.

See answer to Question 8.

10. What are the criteria used for waiving the requirement for the Regulatory Impact Analysis? Please provide a copy of all written instructions/documents that describe or give guidance to either a) federal agencies, b) public, or c) OMB staff on waivers. Please also provide a summary of all oral instructions given the Federal agencies or OMB staff on waivers.

Section 6 of Executive Order 12291 gives OMB the authority to waive the Regulatory Impact Analysis (RIA) requirements with respect to any major rule. Moreover, Section 8 of the Order provides for exemptions for emergency regulations and regulations which are under statutory or judicial deadlines.

Over the past two and one-half years, OMB has generally waived the RIA requirement in the following types of situations: for emergency regulations or regulations subject to statutory or judicial deadlines; for nondiscretionary regulations related to spending programs; if sufficient analysis had already been conducted; and where it was appropriate to delay preparation of an RIA or other economic analysis until a later stage in the proceeding.

In our annual reports on the Executive Order, we have listed all major rules we have reviewed, and those which had a RIA are asterisked. The RIA was waived for those without an asterisk.

11. Please provide a list of all exemptions to Executive Order 12291. Please provide copies of all written documents/ instruction that describe or give guidance to either a) federal agencies, b) public, or c) OMB staff exemptions. Please provide a summary of oral instructions given federal agencies or OMB staff on exemptions.

Executive Order 12291 gives the Director of OMB broad authority to exempt classes of regulations from the requirements of the Order. A total of 27 exemptions, with many subcategories, have been granted to eight agencies since the Executive Order was issued in 1981. In each case, OMB determined that the exempted regulations, as a class, were consistent with the goals and requirements of the Executive Order, so that prior OMB review of individual rules would be unlikely to result in any modification. All major rules, as defined by Executive Order 12291, continue

to be reviewed by OMB regardless of class exemptions. OMB may designate individual regulations in exempted categories for review.

Classes of rules are granted exemptions at agency request. Upon receiving a request for exemption, OMB determines whether we agree with the agency's assessment that the rules, as a class, are consistent with the Executive Order and should not require individual reviews. We then send a letter to the agency either granting or denying the request for exemption.

The attached table from our 1982 Annual Report on Executive Order 12291 (issued on April 25, 1983) lists the exemptions granted by OMB (Tab D). They fall into four broad categories:

1. Those which are essentially nonregulatory. This would include minor technical or procedural rules, rules which impose little or no regulatory requirements, and other regulations which are so routine and noncontroversial as to make prior OMB review unnecessary. For example, OMB has exempted Coast Guard anchorage, drawbridge operations, and inland waterways navigation regulations.

2. Those which delegate regulatory authority to the states; such exemptions were granted only for nonmajor and noncontroversial regulations. For example, OMB exempted Department of Interior rules which approve state mining regulatory programs, actions, or amendments, and EPA's unconditional approval of revisions to State Implementation Plans.

3. Those which are directed largely or entirely at individual firms or other entities, and thus do not meet the Executive Order's definition of a regulation as a "statement of general applicability". For example, OMB exempted most federal procurement regulations which are concerned with the dealings between an agency and an individual firm.

4. Those for which a delay of even a few days could impose substantial costs and which are unlikely to involve general policy issues. For example, OMB exempted pesticide tolerances issued by the Environmental Protection Agency, which must be issued promptly at the beginning of the growing season in order to avoid crop losses.

12. Please enumerate the specific instances in which the Director (or his delegatee) has disapproved a collection of information contained in an agency rule. Please provide such information for the entire period that the provisions of the Paperwork Reduction Act, specifically 44 U.S.C. 3504, have been in effect. Please indicate the specific agency rule involved and the basis for the disapproval, as well as when such disapproval was published in the Federal Register or otherwise made available.

Our computer record indicates that our office disapproved 11 requests for OMB approval of information requirements in regulations submitted by agencies between April 1, 1981 (the effective date of the Paperwork Reduction Act of 1980) and June 7, 1983 (see Tab E for details). This includes only those submissions classified by the agencies as falling under Section 3504(h).

These actions probably do not reflect all of the regulatory information collection requirements that OMB has disapproved. However, we do not have any way of easily providing you with a record of regulatory information collection disapprovals processed under Section 3507. (In the future, under the regulations implementing the Act, all paperwork requirements in new regulations must be submitted under Section 3504(h). This was not the case prior to the rule's promulgation.)

Disapproval actions are not published in the Federal Register. However, the actions are made public immediately upon entry into the OMB computer system. Our records are always available for public inspection, and members of the public regularly review our records of current and previous actions.

13. Please state whether any disapproval of collection of information by the Director has ever been overridden by an independent regulatory agency pursuant to 44 U.S.C. 3507. Please provide a compilation of all such instances by agency, rule, and date for the entire period the Paperwork Reduction Act has been in effect.

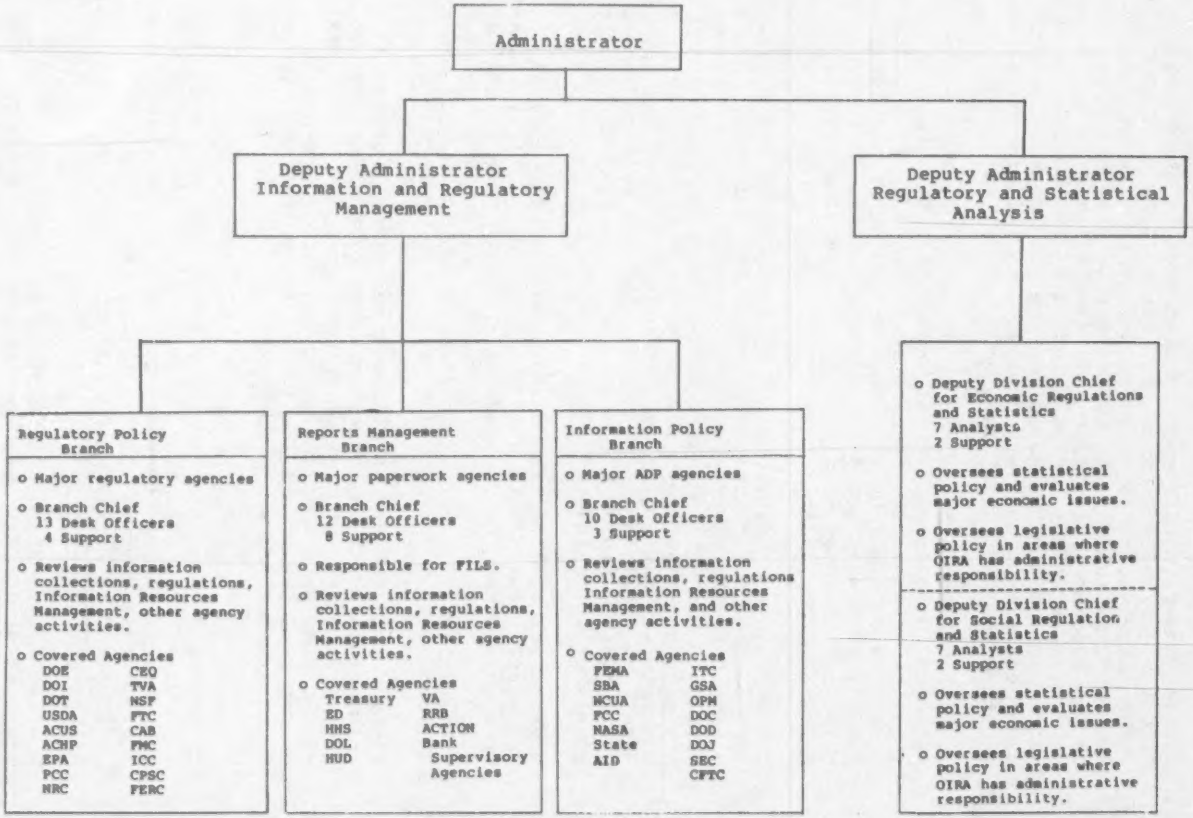
As reported in our second Annual Report on our implementation of the Paperwork Reduction Act, two disapprovals of proposed collections of information have been overridden by independent regulatory agencies since the effective date of the Act. In both instances, the independent regulatory agency involved was the Civil Aeronautics Board (CAB).

On October 12, 1982, the CAB requested approval of a requirement in "New Part 254-Domestic Baggage Liability" that airlines display on passenger tickets the contractual liability limit for lost or damaged baggage. OMB determined that there was no Federal need for this burdensome requirement and disapproved the request. On December 20, 1982 the Board wrote OMB that it had overridden our disapproval. Pursuant to 44 U.S.C. 3507, OMB issued an approval number for the requirement.

The second case involved a CAB request for approval of a form, "Report of Passengers Denied Confirmed Space". OMB disapproved the request for 12,000 burden hours because it found no need to monitor denied boardings either in the detail or with the frequency proposed by the CAB. On February 18, 1983 the Board overrode our disapproval, and on March 14, 1983 we assigned an approval number.

Tab A--Organization Chart

OFFICE OF INFORMATION AND REGULATORY AFFAIRS
(As of June 1, 1983)



Tab C--Major Rules
EXCERPT FROM REPORT ON
E.O. 12291 FOR 1981

TABLE 5--NEW MAJOR REGULATIONS, FEBRUARY 17, 1981 - DECEMBER 31, 1981 a/
(Regulations with RIAs designated by asterisk)

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

Rule: Proposed rescission of the Minimum Guidelines and Requirements for Standards for Accessibility and Usability of Federal and Federally-funded Buildings and Facilities (Notice extending comment period, September 25, 1981)

DEPARTMENT OF AGRICULTURE

Rule: Farmers Home Administration Emergency Loan Policies, Procedures and Authorizations, Insured Economic Emergency Loans (Final rule, May 22, 1981)

Rule: Farmers Home Administration Disaster Assistance (Final rule, May 26, 1981)

* Rule: 1981 Wheat, Feed Grains, Soybeans and Upland Cotton Determinations, regarding target prices, loan and purchase rates (Notice of determination, June 16, 1981)

* Rule: Mechanically Processed (Species) Product (NPRM, July 31, 1981)

* Rule: CCC Grain Price Support Regulations Governing the Wheat Reserve Program for 1981 and Subsequent Crops (Interim rule, August 13, 1981)

Rule: Food Stamp Program - Household Composition Income Standards, Initial Month Benefits, Adjustments, Deductions and Outreach (Interim rule, September 4, 1981)

Rule: Proposed Changes to Meal Patterns for the National School Lunch, School Breakfast, and Child Care Food Programs (Withdrawal of NPRM, October 2, 1981)

Rule: National Average Payment Factors, Elimination of October and March Estimates, Maximum Reduced Price Charge for National School Lunch and School Breakfast Programs (Notice and final rule, October 20, 1981)

Rule: National Average Minimum Value of Donated Food for Period July 1, 1981 through June 30, 1982 (Final rule, December 8, 1981)

* Rule: FMHA Instruction 1944-A, Section 502, Rural Housing Loan Policies, Procedures and Authorizations (Final rule, December 21, 1981)

* Rule: Beef Standards for Carcass Beef - Standards for Grades of Slaughter Cattle (NPRM, December 30, 1981)

22-354 O—83——6

TABLE 5--NEW MAJOR REGULATIONS, FEBRUARY 17, 1981 - DECEMBER 31, 1981 -- CONTINUED

DEPARTMENT OF COMMERCE

Rule: Ocean Thermal Licensing Regulations (Final rule, July 31, 1981)

Rule: Deep Seabed Mining Regulations for Exploration Licenses (Final rule, September 15, 1981)

Rule: Channel Islands and Point Reyes - Farallon Islands National Marine Sanctuaries (Continued suspension of final rules, September 30, 1981)

Rule: Elimination of Quantitative Limitations on Exports of Refined Petroleum Products (Final rule, October 6, 1981)

Rule: Interpretation of the term "Directly Affecting the Coastal Zone" (Notice of suspension of effective date and proposed rescission of final rule, October 16, 1981)

DEPARTMENT OF ENERGY

Rule: Variable Net Profit Share Bidding System for Outer Continental Shelf Oil and Gas Leases (Final rule, June 2, 1981)

Rule: Residential Conservation Service -- Revision of Rules (NPRM, November 12, 1981)

Rule: Fuel Use Act Regulation Revisions (Final rule, December 7, 1981)

ENVIRONMENTAL PROTECTION AGENCY

Rule: Standards Applicable to Owners and Operators of Hazardous Waste Treatment, Storage and Disposal Facilities (Supplemental NPRM, May 26, 1981)

Rule: RCRA -- Withdrawal of Midnight Regulations (Final rule October 20, 1981)

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Rule: Aid to Families with Dependent Children (Interim rule, September 21, 1981)

Rule: Reduction in Payments to the States -- Medicaid (Interim rule, September 30, 1981)

Rule: Determination of Reasonable Charges for Medical and Health Care Services (Final rule, December 31, 1981)

TABLE 5--NEW MAJOR REGULATIONS, FEBRUARY 17, 1981 - DECEMBER 31, 1981 -- CONTINUED

DEPARTMENT OF INTERIOR

* Rule: 1981-82 Migratory Game Bird Hunting Regulations. This group of related regulations constitutes a major regulation under E.O. 12291. (Proposed and final regulations published between March and September of 1981.)

* Rule: Oil and Gas Leasing (amendment increasing noncompetitive fee) (NPRM, October 29, 1981)

* Rule: Oil and Gas Leasing -- National Petroleum Reserve -- Alaska (Final rule, November 9, 1981)

DEPARTMENT OF LABOR

* Rule: Labor Standards for Federal Service Contracts (NPRM, August 14, 1981)

* Rule: Procedures for Determination of Wage Rates -- Davis-Bacon (NPRM, August 14, 1981)

* Rule: Labor Standards Provisions Applicable to Contracts Federally Financed (NPRM, August 14, 1981)

* Rule: OSHA Hearing Conservation Regulations (Final rule, August 21, 1981)

* Rule: Affirmative Action Requirements for Government Contractors (NPRM, August 25, 1981)

* Rule: Suspension of Pension Benefits (Final rule, December 4, 1981)

* Rule: OSHA Docket No. H-004%: Occupational Exposure to Lead (Final rule, December 11, 1981)

DEPARTMENT OF TRANSPORTATION

* Rule: Delay of Implementation of the First Phase of "208 Standard" (Passive Restraint) (Final rule, April 9, 1981)

Rule: Minimum Levels of Financial Responsibility for Motor Carriers (Final rule, June 11, 1981)

Rule: Nondiscrimination on the Basis of Handicap (Interim rule, July 20, 1981)

* Rule: Part 581 Bumper Standard (NPRM, October 1, 1981)

* Rule: Rescission of "208 Standard" (Passive Restraint) (Final rule, October 29, 1981)

* Rule: Metropolitan Washington Airports Policy (Final rule, November 27, 1981)

TABLE 5--NEW MAJOR REGULATIONS, FEBRUARY 17, 1981 - DECEMBER 31, 1981 -- CONTINUED

DEPARTMENT OF THE TREASURY

Rule: Interim Regulations Related to Handicap Discrimination under the Revenue Sharing Program (Interim rule, August 14, 1981)

U.S. POSTAL SERVICE

* Rule: Nine-digit Zip Code Proposal (Final regulation, June 29, 1981)

Total published major regulations: 43
Total published major regulations with RIAs: 22

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a/ The number of major regulations in this table differs from the number in Table 1 for two reasons: (1) Table 1 counts each rulemaking stage (e.g., NPRM, final rule) as a separate transaction, while this table lists each major regulation only once regardless of the number of rulemaking stages involved; and (2) Table 1 shows major regulations reviewed by OMB by December 31, 1981, while this table lists major regulations published by December 31, 1981. For this table, the date shown in parentheses for each rule represents the date that the most recent rulemaking was published.

EXCERPT FROM REPORT ON
E.O. 12291 FOR 1982

Table 5: "Major" Regulations

Table 5 lists the 56 major regulations that were published in the Federal Register, either in proposed or in final form, during the 1982 calendar year.

TABLE 5--MAJOR REGULATIONS PUBLISHED DURING 1982a/

Regulations for which a Regulatory Impact Analysis was prepared are designated by an asterisk

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

Minimum Guidelines and Requirements for Accessibility and Usability of Federal and Federally-funded Buildings and Facilities (NPRM, January 27, 1982; Final rule, August 4, 1982)

DEPARTMENT OF AGRICULTURE

National Forest System Land and Resources Management Planning Function: Conservation and Land Management (NPRM, February 22, 1982; Final rule, September 30, 1982)

*New National Forest Timber Sale Procedures (Notice of Proposed Policy, January 20, 1982; Final Policy, April 15, 1982)

*Adjusting Thrifty Food Plan Amounts (Final rule, March 19, 1982; Modified Final rule, September 14, 1982)

Household, Composition, Income Standards, Adjustments, Deductions, and Outreach (model food stamp forms) (Final rule, November 19, 1982)

*Monthly Reporting/Retrospective Budgeting Revisions to Model Food Stamp Forms (Final rule, May 25, 1982)

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a/ There are three reasons why the number of major regulations in this table differs from the number in Table 1: (1) Table 1 counts each rulemaking stage (e.g., NPRM, final rule) as a separate transaction, while this table lists each major regulation only once regardless of the number of rulemaking stages involved; (2) Table 1 shows major regulations reviewed by OMB by December 31, 1982, while this table lists major regulations published by December 31, 1982; and (3) in cases where a regulation was reviewed more than once by OMB, each time the regulation was reviewed is listed as a separate occurrence on Table 1.

Proration of Initial Month Benefits for Food and Nutrition Assistance Programs (Final rule, May 14, 1982)

Puerto Rico Nutritional Assistance Grant (Interim rule, March 12, 1982; Final rule, July 27, 1982)

*1982 Wheat Program - Determinations Regarding the Proclamation of 1982 - Crop Program Provisions for Wheat (Final Notice of Determination, July 6, 1982)

*Notice of Determination of Provisions Regarding 1982 Crop Cotton (Final rule, June 15, 1982)

*Proposed Determination of 1983 - Upland Cotton Program Provisions (Proposed Notice of Determination, July 16, 1982)

*Determinations Regarding the Proclamation of the 1982 Program - Provisions for Rice (Final Notice of Determination, July 6, 1982)

*Notice of Proposed Determinations - 1983 Rice Program (NPRM, October 26, 1982)

*1982 Feed Grain Program - Determinations Regarding the Proclamation of 1982 - Crop Program Provisions for Corn, Sorghum, Barley, Oats and Rye (Final Notice of Determination, July 27, 1982)

*1983 Feed Grain Program - Proposed Determinations Regarding 1983 - Crop Program Provisions for Corn, Sorghum, Barley, Oats and Rye (Proposed Notice of Determination, July 27, 1982)

*CCC Grain Price Support Regs Governing Grain Reserve Programs for 1981 and Subsequent Crops and Alternative Program for 1980 and Prior Crops (Interim rule, March 4, 1982)

CCC Grain Price Support Regs Governing Grain Reserve Programs for 1982 and Subsequent Crops and Alternative Program for 1981 and Prior Crops (Interim rule, August 16, 1982; Modified Interim rule, October 8, 1982)

*Price Support Loan Program for 1982 - Crop Sugar Beets and Sugar Cane (NPRM, July 30, 1982; Final rule, October 20, 1982)

*Price Support Purchase Program for 1982 Crop Sugar Beets and Sugarcane (Interim rule, February 24, 1982; Final rule, May 28, 1982)

*Mechanically Processed Species Product (Final rule, June 2, 1982)

*Part 1980 and Part 1990 - A Guaranteed Loan Program (NPRM, February 19, 1982; Final rule, October 18, 1982)

*1981-1982 Milk Price Support (Notice of Interim Determination, April 22, 1982)

*1982-1983 Milk Price Support (Final Notice of Determination, September 24, 1982)

*Commodity Credit Corporation Rule Implementing Deductions from Dairy Farmers (NPRM, September 24, 1982)

DEPARTMENT OF COMMERCE

Interpretation of the Term "Directly Affecting the Coastal Zone" (Notice of Withdrawal of Final Rule, January 29, 1982)

*Withdrawal of Suspension of Final Rule - Channel Islands and Point Reyes - Farallon Islands National Marine Sanctuaries (Confirmation of Effective Date of Final rule, April 30, 1982)

Guidelines for Fishery Management Plans (NPRM, June 23, 1982)

*Handicap Amendments to Civil Rights Requirements on EDA Assisted Projects (Final rule, April 23, 1982)

*Deep Seabed Mining Commercial Recovery Regulation (NPRM, December 28, 1982)

DEPARTMENT OF EDUCATION

Assistance to States for Education of Handicapped Children (NPRM, August 4, 1982; Modified NPRM, November 3, 1982)

DEPARTMENT OF ENERGY

*Residential Conservation Service--Revision of Rules (Final rule, June 17, 1982)

*Commercial and Apartment Conservation Service (CACS) Program (NPRM, November 24, 1982)

ENVIRONMENTAL PROTECTION AGENCY

*Standards and Guidelines for Disposal of High Level Radioactive Wastes (NPRM, December 29, 1982)

Standards for Owners and Operators of Hazardous Waste Land Disposal Facilities (Interim Final rule, July 26, 1982)

*Iron and Steel Manufacturing Point Source Category: Effluent Limitations Guidelines (Final rule, May 27, 1982)

*Data Requirements for Pesticides Registration (NPRM, November 24, 1982)

*National Oil and Hazardous Substances Contingency Plan (Final rule, July 16, 1982)

GENERAL SERVICES ADMINISTRATION

Management of Buildings and Grounds - Standard Level of Protection Services (NPRM, December 27, 1982)

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Aid to Families with Dependent Children (Final rule, February 5, 1982)

*End Stage Renal Disease Program--Incentive Reimbursement for Dialysis Services (NPRM, February 12, 1982)

*New Drug and Antibiotic Regulations (NPRM, October 19, 1982)

*BPP-215-FC Limitation of Reasonable Charges for Services in Hospital Outpatient Settings (Final rule, October 1, 1982)

*Payment for Services of Physicians in Institutional Providers BPP-192-P (NPRM, October 1, 1982)

DEPARTMENT OF THE INTERIOR

*1981-82 Migratory Game Bird Hunting Regulations (This group of related regulations constitutes a major regulation under E.O. 12291) (Final rules published July 17, August 9, and September 17, 1982)

*Oil and Gas Leasing (amendment increasing noncompetitive fee) (Final rule, January 20, 1982)

*Conversion to Combined Hydrocarbon Leasing (NPRM, March 1, 1982; Final rule, May 24, 1982)

DEPARTMENT OF LABOR

*Affirmative Action Requirements for Government Contractors (NPRM, April 23, 1982)

*Procedures for Determination of Wage Rates--Davis-Bacon (Final rule, May 28, 1982)

*OSHA Hazard Communication (NPRM, March 19, 1982)

NATIONAL SCIENCE FOUNDATION

Nondiscrimination for Handicapped in Programs Receiving or Benefitting from Federal Financial Assistance (Final rule, March 1, 1982)

SOCIAL SECURITY ADMINISTRATION

Aid to Families with Dependent Children (Final rule, February 5, 1982)

DEPARTMENT OF TRANSPORTATION

*Part 581 Bumper Standard (Final rule, May 20, 1982)

Railroad Power Brakes and Drawbacks (NPRM, February 18, 1982; Final rule, August 23, 1982)

Design Standards for Highways and for Resurfacing, Restoring, and Rehabilitating Streets and Highways (Final rule, June 10, 1982)

*Driver's Log (Final rule, November 26, 1982)

DEPARTMENT OF THE TREASURY

*Income Tax-Allocation and Apportionment of Deductions (NPRM, August 30,1982)

Total Published Major Regulations: 56

Total Published Major Regulations with RIAs: 41

Tab D--Exemptions

EXCERPT FROM REPORT ON
E.O. 12291 FOR 1982

TABLE 6 -- EXECUTIVE ORDER EXEMPTIONS IN EFFECT DURING 1982

Department/Agency	Brief Description	Date of Exemption
Department of Agriculture	1. Food and Nutrition Service - Special Nutrition Program Notices which revise reimbursement rates and eligibility criteria for the School Lunch, Child Care Food, and other nutrition programs.	12/04/81
	2. Agriculture Marketing Service - Regulations which establish voluntary standards for grading the quality of food.	12/04/81
	3. Food and Nutrition Service - Food Stamp Program Notices which set eligibility criteria and deduction policies.	12/04/81
	4. Animal and Plant Health Inspection Service - Rules and Notices relating to quarantines and other measures to deal with animal and plant pests and diseases.	12/16/81
	5. Rural Electrification Administration - Rules concerning standards and specifications for construction and materials.	04/20/82
	6. Animal and Plant Health Inspection Service - Rules affirming actions taken on an emergency basis if no adverse comments were received.	04/20/82
Department of Commerce	1. National Oceanic and Atmospheric Administration - Fishery Management Plan actions which set restrictions on fishing seasons, catch size, and fishing gear.	12/06/82
Department of Energy	1. Power Marketing Administrations - Regulations issued by various power administrations relating to the sale of electrical power that they produce or market.	05/17/82
Department of the Interior	1. Office of Surface Mining - Actions to approve, or conditionally approve, State regulatory mining actions or amendments to such actions.	08/28/81
	2. Office of Surface Mining - Approval of State mining reclamation plans or amendments.	11/12/81

TABLE 6 -- EXECUTIVE ORDER EXEMPTIONS IN EFFECT DURING 1982 - CONTINUED

	3.	United States Fish and Wildlife Service - Certain parts of the annual migratory bird hunting regulations.	04/20/82
	4.	Office of Surface Mining - Cooperative agreements between OSM and States.	10/21/82
Department of Transportation	1.	All Offices of DOT - Amendments that delay the compliance dates of regulations already in effect.	03/10/82
	2.	Coast Guard - Regatta regulations, safety zone regulations, and security zone regulations.	03/10/82
	3.	Federal Aviation Administration - Standard instrument approach procedure regulations, enroute altitude regulations, routine air space actions, and airworthiness directives.	03/10/82
	4.	Coast Guard - Anchorage, drawbridge operations, and inland waterways navigation regulations.	01/07/82
	5.	National Highway Traffic and Safety Administration - Federal Motor Vehicle Safety Standards 109 table of tire size.	01/07/82
Department of the Treasury	1.	Internal Revenue Service, Bureau of Alcohol, Tobacco and Firearms, and Customs Service - Revenue rulings and procedures, Customs decisions, legal determinations, and other similar ruling documents. Major legislative regulations are covered fully.	04/28/82
Environmental Protection Agency	1.	Office of Pesticides and Toxic Substances - Actions regarding pesticide tolerances, temporary tolerances, tolerance exemptions and food additive regulations, except those which make an existing tolerance more stringent.	04/30/81 11/05/81
	2.	Office of Air, Noise, and Radiation - Rules which unconditionally approve revisions to State Implementation Plans.	11/05/81
	3.	Office of Water - Unconditional approvals of State Water Standards.	11/05/81

TABLE 6 -- EXECUTIVE ORDER EXEMPTIONS IN EFFECT DURING 1982 - CONTINUED

	4. Office of Air, Noise, and Radiation - Unconditional approvals of equivalent methods for ambient air quality monitoring, and of NSPS, NESHAPS, and PSD delegations to States; approvals of carbon monoxide and nitrogen oxide waivers; area designations of air quality planning purposes; and deletions from the NSPS source categories list.	12/23/81
	5. Office of Water - Unconditional approval of State underground injection control programs; delegations of NPDES authority to States; deletions from the 307(a) list of toxic pollutants; and suspensions of Toxic Testing Requirements under NPDES.	12/23/81
	6. Office of Solid Waste and Emergency Responses - Unconditional approvals of State authorization under RCRA, of state solid waste management plans, and of hazardous waste delisting petitions under RCRA.	12/23/81
	7. Office of Pesticides and Toxic Substances - Unconditional approvals of TSCA Section 5 test marketing exemptions, and of experimental use permits under FIFRA.	12/23/81
	8. Office of Pesticides and Toxic Substances - Decision documents defining and establishing registration standards; decision documents and termination decisions for the RPAR process; and data call-in requests made under Sec. 3(c)(2)(B) of the FIFRA.	06/02/82
Office of Federal Procurement Policy	1. Office of Federal Procurement Policy -- All regulations, except those concerning acquisition of automatic data processing & telecommunications equipment.	10/04/82

Tab E--Disapprovals

OMB NUMBER: 3024-0021 DATE REC'D: 05/13/81 REQ CLASS: REVISION
AGENCY FORM NO(S): CAB FOR M 27
TITLE: REPORT OF OWNERSHIP OF STOCK AND OTHER INTERESTS BY OFFICERS AND DIRECTORS UNDER SECTION 407(C) OF THE FEDERAL AVIATION ACT
ON PLAN: NO EXCEED BUDGET: NO ALLOWANCE LETTER: NO
FUNCTION: 402 3504(H): NPRM NO. OF FORMS: 1
AFFECTED PUBLIC: IND/HHLD
USE: PUBLIC SMALL BUS: NO SIC:
PURPOSE: REG/COMP
FREQUENCY: ANNL
COLLECTION METHOD: MAIL S/A
RETENTION PERIOD: PUBLIC COST:
COMPULSORY STATUS: MANDATORY
COL AGENT: RQSTG AGCY CONFIDENTIALITY: NO FCOST: $0
RESPONDENTS: 2,000 RESPONSES: 2,000 HOURS: 1,000
REVIEWER: WAYNE LEISS EXPIRE DATE: 07/13/81
ACTION: DISAPPROVED ACTION DATE: 07/13/81
PUBLICATION DATE: 05/22/81 EFFECT DATE:

WOULD ELIMINATE THE REQUIREMENT IN SECTION 407(C) OF THE FEDERAL AVIATION ACT THAT EACH OFFICER AND DIRECTOR OF AN AIR CARRIER REPORT ANY INTEREST HELD IN AN AIR CARRIER, COMMON CARRIER, OR AERONAUTICAL ENTERPRISES. THIS INFORMATION IS NO LONGER NEEDED BY THE BOARD. (SEE ATTACHED NPRM EDR-425.)

REMARKS:
Discontinuance of reporting requirement is approved as proposed. If the result of the proposed rulemaking should change the nature of the proposed elimination, it would have to be resubmitted for approval.

OMB NUMBER: 1004-0059 DATE REC'D: 05/26/81 REQ CLASS: NEW
AGENCY FORM NO(S):
TITLE: 43 CFR PARTS 2800, 2880 RIGHTS-OF-WAY PROCEDURE
ON PLAN: NO EXCEED BUDGET: NO ALLOWANCE LETTER: NO
FUNCTION: 302 3504(H): NPRM NO. OF FORMS: 1
AFFECTED PUBLIC: IND/HHLD & STATE/LCL GOV & FARMS & BUSS/INST
USE: PUBLIC SMALL BUS: YES SIC: MUL
PURPOSE: REG/COMP
FREQUENCY: SNGL
COLLECTION METHOD: MAIL S/A & OTHR S/A
RETENTION PERIOD: PUBLIC COST:
COMPULSORY STATUS: VOLUNTARY
COL AGENT: RQSTG AGCY CONFIDENTIALITY: NO FCOST: $6,000
RESPONDENTS: RESPONSES: HOURS:
REVIEWER: ROBERT SHELTON EXPIRE DATE:
ACTION: DISAPPROVED ACTION DATE: 07/30/81
PUBLICATION DATE: 05/31/81 EFFECT DATE:

THE INFORMATION SUPPLIED BY AN APPPLICANT IS NEEDED TO ALLOW THE AUTHORIZED OFFICER TO MAKE A DETERMINATON AS TO WHETHER IT IS IN THE PUBLIC INTEREST TO ISSUE A RIGHT-OF-WAY GRANT AND TO DETERMINE IF THE APPLICANT IS QUALIFIED TO HOLD A GRANT.

REMARKS:
Disapproved because the form this information collection is based on was not submitted to OMB until almost a month after this submission. OMB has not had sufficient time to review the form.

OMB NUMBER: 0648-0108 DATE REC'D: 06/15/81 REQ CLASS: NEW
AGENCY FORM NO(S):
TITLE: HIGH SEAS SALMON FISHERY OFF ALASKA
ON PLAN: NO EXCEED BUDGET: NO ALLOWANCE LETTER: NO
FUNCTION: 306 3504(H): NPRM NO. OF FORMS: 1
AFFECTED PUBLIC: IND/HHLD
USE: PUBLIC SMALL BUS: YES SIC:
PURPOSE: PLAN MGMT
FREQUENCY: SNGL
COLLECTION METHOD: MAIL S/A & OTHR S/A
RETENTION PERIOD: PUBLIC COST:
COMPULSORY STATUS: MANDATORY
COL AGENT: OTHER CONFIDENTIALITY: YES FCOST: $768,076
RESPONDENTS: RESPONSES: HOURS:
REVIEWER: WILLIAM T. ADAMS EXPIRE DATE:
ACTION: DISAPPROVED ACTION DATE: 07/27/81
PUBLICATION DATE: 06/15/81 EFFECT DATE:

SEASON MANAGEMENT FOR PROTECTION AND CONSERVATION OF CHINOOK SALMON OFF ALASKA. PUBLIC HARM WILL OCCUR IF INFORMATION IS NOT COLLECTED WHILE OMB CONDUCTS REVIEW.

REMARKS:
The requirement for fishermen selling their catch outside of Alaska to deliver information to an Alaskan port prior to leaving Alaskan waters is not justified and the burden that this action would impose is drastically underestimated.

OMB NUMBER: 1004-0061 DATE REC'D: 07/07/81 REQ CLASS: NEW
AGENCY FORM NO(S):
TITLE: OIL AND GAS LEASING - NATIONAL PETROLEUM RESERVE - ALASKA (43 CFR PART 3130)
ON PLAN: NO EXCEED BUDGET: NO ALLOWANCE LETTER: NO
FUNCTION: 302 3504(H): NPRM NO. OF FORMS: 1
AFFECTED PUBLIC: IND/HHLD & BUSS/INST
USE: PUBLIC SMALL BUS: YES SIC: 131 & 132 & 138
PURPOSE: REG/COMP
FREQUENCY: SNGL
COLLECTION METHOD: MAIL S/A & OTHR S/A
RETENTION PERIOD: PUBLIC COST:
COMPULSORY STATUS: REQD FOR BEN
COL AGENT: RQSTG AGCY CONFIDENTIALITY: NO FCOST: $6,000
RESPONDENTS: RESPONSES: HOURS:
REVIEWER: ROBERT SHELTON EXPIRE DATE:
ACTION: DISAPPROVED ACTION DATE: 07/20/81
PUBLICATION DATE: 07/22/81 EFFECT DATE:

THE REPORTING REQUIREMENTS IN THE PROPOSED REGULATIONS ARE FOR THE PURPOSE OF VERIFYING THE HIGH BIDDER'S QUALIFICATIONS TO HOLD FEDERAL OIL AND GAS LEASES AND FOR USE BY THE ATTORNEY GENERAL IN DETERMINING WHETHER ISSUANCE OF A LEASE TO THE HIGH BIDDER WOULD CAUSE VIOLATION OF THE ANTI-TRUST LAWS.

REMARKS:
This information collection requirement is disapproved because:
1. The justification is inadequate. Information collection requirements in individual parts of the rule must be justified, and must include burden estimates, on a section-by-section basis. For example, sections 3130.5, 3132.4, 3134, 3135, and 3136 include information collection requirements. Any information collection requirements in other sections must also be justified individually. These may be submitted as one package for a single OMB clearance number.
2. The burden hours are totally underestimated. These must be properly estimated and justified on a section-by-section basis.

OMB NUMBER: 1028-0031 DATE REC'D: 08/25/81 REQ CLASS: NEW
AGENCY FORM NO(S):
TITLE: PLANS OF EXPLORATION, DEVELOPMENT AND PRODUCTION AND ENVIRONMENTAL REPORTS
ON PLAN: YES EXCEED BUDGET: NO ALLOWANCE LETTER: NO
FUNCTION: 306 3504(H): NPRM NO. OF FORMS: 1
AFFECTED PUBLIC: BUSS/INST
USE: PUBLIC SMALL BUS: NO SIC: 131 & 132 & 138
PURPOSE: REG/COMP
FREQUENCY: SNGL
COLLECTION METHOD: MAIL S/A
RETENTION PERIOD: PUBLIC COST: $0
COMPULSORY STATUS: MANDATORY
COL AGENT: RQSTG AGCY CONFIDENTIALITY: YES FCOST: $31,500
RESPONDENTS: RESPONSES: HOURS:
REVIEWER: ROBERT SHELTON EXPIRE DATE:
ACTION: DISAPPROVED ACTION DATE: 10/08/81
PUBLICATION DATE: 08/31/81 EFFECT DATE:

THIS INFORMATION WILL BE USED BY THE DIRECTOR, GEOLOGICAL SURVEY, TO DETERMINE IF ACTIVITIES PROPOSED IN PLANS OF EXPLORATION, DEVELOPMENT AND PRODUCTION AND ENVIRONMENTAL REPORTS, ARE CARRIED OUT IN A SAFE AND ENVIRONMENTALLY ACCEPTED MANNER.

REMARKS:
This information collection requirement is disapproved because the justification is inadequate. The Geological Survey has not fully spelled out the need to collect the individual items of information required in the exploration plans, development and production plans, and environmental reports. The Geological Survey must demonstrate the practical utility of the individual items required.

IEWOMB NUMBER: 1004-0070 DATE REC'D: 11/16/81 REQ CL
AGENCY FORM NO(S): 1140-7 & 1140-8 & 3300-1
TITLE: OUTER CONTINENTAL SHELF MINERALS AND RIGHTS-OF-WAY MANAGEMENT
ON PLAN: YES EXCEED BUDGET: NO ALLOWANCE LETTER: NO
FUNCTION: 302 3504(H): NPRM NO. OF FORMS: 3
AFFECTED PUBLIC: STATE/LCL GOV & BUSS/INST
USE: PUBLIC SMALL BUS: YES SIC: 131 & 144 & 147 & 148 & 149

PURPOSE: REG/COMP
FREQUENCY: OCCAS
COLLECTION METHOD: MAIL S/A
RETENTION PERIOD: PUBLIC COST:
COMPULSORY STATUS: REQD FOR BEN
COL AGENT: RQSTG AGCY CONFIDENTIALITY: YES FCOST: $239,206
RESPONDENTS: 150 RESPONSES: HOURS:
REVIEWER: ROBERT SHELTON EXPIRE DATE:
BRIAN MANNIX
ACTION: DISAPPROVED ACTION DATE: 12/09/81
PUBLICATION DATE: 11/30/81 EFFECT DATE:

43 CFR 3300 AND RELATED INFORMATION COLLECTION REQUIREMENTS ESTABLISH THE PROCEDURES UNDER WHICH THE SECRETARY EXERCISES THE AUTHORITY GRANTED TO ADMINISTER A LEASING PROGRAM ON THE OUTER CONTINENTAL SHELF.

REMARKS:
This information collection requirement is disapproved because:
1. Not all information collection requirements in 43 CFR 3300 have been addressed, including sections 3316.5(i), 3319.2(b), 3319.2(d), 3319.2(e), 3319.2(h), 3340.1(a)(6), and 3340.1(a)(9).
2. Forms used in conjunction with information collection requirements for 10 or more respondents annually have not been modified to contain the information required by section 3504(c)(3) of the Paperwork Reduction Act.
3. Information collection requests submitted to nine or fewer persons should be discussed in the context of section 3506(c)(5) of the Paperwork Reduction Act.

OMB NUMBER: 0608-0035 DATE REC'D: 12/10/81 REQ CLASS: REVISION
AGENCY FORM NO(S): BE-13 & BE-14
TITLE: INITIAL REPORT ON A FOREIGN PERSON'S DIRECT OR DIRECT
OF THE OPERATING
ASSETS OF A U.S. BUSINESS ENTERPRISE, INCLUDING REAL ESTATE
ON PLAN: YES EXCEED BUDGET: NO ALLOWANCE LETTER: NO
FUNCTION: 376 3504(H): NPRM NO. OF FORMS: 2
AFFECTED PUBLIC: FARMS & BUSS/INST
USE: PUBLIC SMALL BUS: YES SIC: ALL
PURPOSE: STATIS
FREQUENCY: OCCAS
COLLECTION METHOD: MAIL S/A
RETENTION PERIOD: PUBLIC COST:
COMPULSORY STATUS: MANDATORY
COL AGENT: ROSTG AGCY CONFIDENTIALITY: YES FCOST: $30,000
RESPONDENTS: 1,000 RESPONSES: 1,000 HOURS: 2,000
REVIEWER: *RESERVED* (WAS STATISTICAL POLICY BRANCH) EXPIRE DATE: 02/05/82
MIKE MAZUR
ACTION: DISAPPROVED ACTION DATE: 02/05/82
PUBLICATION DATE: 03/11/82 EFFECT DATE:

SECURES INFORMATION AND DATA ON U.S. COMPANIES AT THE TIME THEY ARE ESTABLISHED OR ACQUIRED BY FOREIGN PERSONS, AND INFORMATION ON THE FOREIGN PARENT. CONSISTS OF DATA ON ASSETS AND INCOME, PROPERTY, PLANT, AND EQUIPMENT, SOURCE OF FUNDS FOR FINANCING THE INVESTMENT, AND ACRES OF LAND AND MINERAL RIGHTS OWNED. AUTHORIZED BY THE INTERNATIONAL INVESTMENT SURVEY ACT OF 1976 (P.L. 94-472). REQUIRED FOR THE PREPARATION OF THE INTERNATIONAL INVESTMENT ACCOUNTS OF THE U.S.

REMARKS:
Request has been disapproved because interagency coordination has not been completed. Request may be resubmitted after interagency coordination has been satisfactorily completed.

OMB NUMBER: 0625-0036 DATE REC'D: 12/28/81 REQ CLASS: REVISION
AGENCY FORM NO(S): EAR 369; & ITA 621P, & 6051P, & & 6051P-A
TITLE: PROPOSED REVISION OF 15 CFR PART 369, RESTRICTIVE TRADE
PRACTICES OR BOYCOTTS
ON PLAN: YES EXCEED BUDGET: NO ALLOWANCE LETTER: NO
FUNCTION: 376 3504(H): NPRM NO. OF FORMS: 04
AFFECTED PUBLIC: BUSS/INST
USE: PUBLIC SMALL BUS: YES SIC: MUL
PURPOSE: REG/COMP
FREQUENCY: QTLY
COLLECTION METHOD: MAIL S/A
RETENTION PERIOD: PUBLIC COST:
COMPULSORY STATUS: MANDATORY
COL AGENT: ROSTG AGCY CONFIDENTIALITY: YES FCOST: $0
RESPONDENTS: 2,000 RESPONSES: 22,000 HOURS: 36,000
REVIEWER: WILLIAM T. ADAMS EXPIRE DATE: 06/30/83
MIKE MAZUR
ACTION: DISAPPROVED/CONTINUE ACTION DATE: 01/29/82
PUBLICATION DATE: 01/15/82 EFFECT DATE:

THE PROPOSAL ESTABLISHES THE PROHIBITED NATURE OF CERTAIN BOYCOTT TERMS IN BANKING AND FINANCIAL TRANSACTIONS AND REDUCES UNNECESSARY AND BURDENSOME ASPECTS OF THE ANTIBOYCOTT REPORTING REQUIREMENTS. THE PROPOSALS WILL REDUCE BY A FACTOR OF NEARLY ONE-HALF THE REQUIRED REPORTING OF BOYCOTT REQUESTS. ELIMINATING THESE REPORTING REQUIREMENTS WILL HAVE A BENEFICIAL EFFECTS ON THE BUSINESS COMMUNITY.

REMARKS:
Request does not have required supporting statement, block 15 information is not consistent with proposed burden in block 16. Departmental Clearance Officer did not approve the submission.

OMB NUMBER: 1029-0061 DATE REC'D: 02/10/82 REQ CLASS: REVISION
AGENCY FORM NO(S): FS-6
TITLE: SMALL OPERATOR ASSISTANCE APPLICATION - 30 CFR 795.24
ON PLAN: YES EXCEED BUDGET: NO ALLOWANCE LETTER: NO
FUNCTION: 302 3504(H): NPRM NO. OF FORMS: 1
AFFECTED PUBLIC: BUSS/INST
USE: PUBLIC SMALL BUS: YES SIC: 111 & 121 & 195
PURPOSE: APPLICATION
FREQUENCY: BIEN
COLLECTION METHOD: MAIL S/A & RKP ROT
RETENTION PERIOD: 5 YRS PUBLIC COST:
COMPULSORY STATUS: REQD FOR BEN
COL AGENT: RQSTG AGCY CONFIDENTIALITY: NO FCOST: $113,000
RESPONDENTS: 700 RESPONSES: 300 HOURS: 1,800
REVIEWER: ROBERT SHELTON EXPIRE DATE: 02/25/82
BRIAN MANNIX
ACTION: DISAPPROVED ACTION DATE: 02/25/82
PUBLICATION DATE: 04/10/82 EFFECT DATE:

THIS INFORMATION COLLECTION REQUIREMENT IS NEEDED IN ORDER FOR OSM TO HAVE SUFFICIENT KNOWLEDGE OF EXISTING OPERATORS TO DETERMINE THEIR ELEIGIBILITY FOR ASSISTANCE. THE INFORMATION IS USED BY OSM TO ELIMINATE PROVIDING SERVICES TO OPERATORS WHO ARE NOT ELIGIBLE AND FOR WHOM IT WOULD BE IMPRACTICAL TO SEEK REIMBURSEMENT AT A LATER TIME. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER 15.250.

OMB NUMBER: 1029-0014 DATE REC'D: 02/11/82 REQ CLASS: REINSTATE
AGENCY FORM NO(S): PART 795
TITLE: 30 CFR 795 - PERMANENT REQULATORY PROGRAM FOR SMALL OPERATOR ASSISTANCE
ON PLAN: YES EXCEED BUDGET: NO ALLOWANCE LETTER: NO
FUNCTION: 302 3504(H): NPRM NO. OF FORMS: 1
AFFECTED PUBLIC: BUSS/INST
USE: PUBLIC SMALL BUS: YES SIC: 111 & 121 & 195
PURPOSE: APPLICATION
FREQUENCY: OCCAS
COLLECTION METHOD: MAIL S/A
RETENTION PERIOD: PUBLIC COST:
COMPULSORY STATUS: REQD FOR BEN
COL AGENT: RQSTG AGCY CONFIDENTIALITY: NO FCOST: $674,000
RESPONDENTS: 1,777 RESPONSES: 1,777 HOURS: 310,544
REVIEWER: ROBERT SHELTON EXPIRE DATE: 10/31/81
BRIAN MANNIX
ACTION: DISAPPROVED ACTION DATE: 02/28/82
PUBLICATION DATE: 04/11/82 EFFECT DATE:

THIS INFORMATION COLLECTION REQUIREMENT IS NEEDED TO PROVIDE FINANCIAL AND OTHER ASSISTANCE TO QUALIFIED SMALL MINE OPERATORS WHO REQUEST ASSISTANCE UNDER SECTION 507(C) OF P.L. 95-87. THIS INFORMATION COLLECTION INVOLVED HERE IS FOR THE STATE OR FEDERAL AGENCIES IN IMPLEMENTING THE PROGRAM.

REMARKS:
The 242444 hour program decrease in burden has been justified in the supporting statement. the department must clearly identify the source of the burden hour reduction and justify its classification as an adjustment or program change. Additionally, the supporting statement and copies of regulations must reflect either regulations currently in effect or those for which a clearance under eo 12291 is anticipated in the near future.

OMB NUMBER: 3060-0002 DATE REC'D: 02/22/82 REQ CLASS: REVISION
AGENCY FORM NO(S): FCC FORM L
TITLE: ANNUAL REPORT OF LICENSEE IN DOMESTIC PUBLIC LAND
MOBILE RADIO SERVICE
ON PLAN: NO EXCEED BUDGET: NO ALLOWANCE LETTER: NO
FUNCTION: 376 3504(H): NPRM NO. OF FORMS: 1
AFFECTED PUBLIC: BUSS/INST
USE: PUBLIC SMALL BUS: YES SIC: 481 & 489
PURPOSE: REG/COMP
FREQUENCY: ANNL
COLLECTION METHOD: MAIL S/A
RETENTION PERIOD: PUBLIC COST:
COMPULSORY STATUS: MANDATORY
COL AGENT: RGSTG AGCY CONFIDENTIALITY: NO FCOST: $9,790
RESPONDENTS: 3,000 RESPONSES: 3,000 HOURS: 90,000
REVIEWER: EDWARD H. CLARKE EXPIRE DATE: 07/31/82
PAIGE JACKSON
ACTION: DISAPPROVED/CONTINUE ACTION DATE: 04/06/82
PUBLICATION DATE: 03/04/82 EFFECT DATE:

THE INFORMATION IS USEFUL FOR PLANNING AND POLICY ANALYSES. THE DATA PROVIDES A PICTURE OF THE STRUCTURE AND ECONOMIC STATUS OF THE INDUSTRY. THE SERVICE DATA WILL ASSIST THE STAFF IN ITS ENFORCEMENT FUNCTION AND IS EXTREMELY USEFUL IN FREQUENCY ALLOCATION PROCEEDINGS.

REMARKS:
See attached "Comments on Proposed Revision of FCC Form L" submitted under provisions of Section 3504(h) of the Paperwork Reduction Act.

Council of Professional Associations on Federal Statistics

Suite 440, 806 15th Street, N.W., Washington, D.C. 20005 • (202) 783-5808

STATEMENT

OF

KATHERINE K. WALLMAN

EXECUTIVE DIRECTOR

COUNCIL OF PROFESSIONAL ASSOCIATIONS ON FEDERAL STATISTICS

TO THE

SUBCOMMITTEE ON INFORMATION MANAGEMENT AND REGULATORY AFFAIRS

GOVERNMENTAL AFFAIRS COMMITTEE

UNITED STATES SENATE

The Council of Professional Associations on Federal Statistics was established in October 1980 by a coalition of organizations concerned with the integrity, quality, and utility of federal statistics. Together, the memberships of our constituent associations include more than 125,000 economists, statisticians, demographers, sociologists, political scientists, actuaries, and other professionals concerned with the information produced by the federal statistical system. Our primary goals are to inform professional users and producers of federal statistics about developments which will affect the collection, dissemination, and use of statistical data, and to bring the views of our members, individually and collectively, to bear on decisions by the Administration and the Congress. Since the passage of the Paperwork Reduction Act of 1980, the Council and its member associations have monitored OMB's implementation of the Law, giving particular attention to the statistical policy and coordination functions assigned to the Office of Information and Regulatory Affairs (OIRA). This statement focuses on those portions of the legislation related to OMB's statistical responsibilities.

The functions assigned to the Office of Information and Regulatory Affairs by the Paperwork Reduction Act of 1980, proposed for continuation under the reauthorization of that Act, appear to furnish the necessary authority for providing "overall direction in the development and implementation...of federal statistical activities." But OMB's execution of these responsibilities has, we believe, fallen far short of the expectations of the framers of the law, and certainly has dismayed the professional user and producer communities. The changes which are proposed in H.R. 2718 as means to strengthen the Paperwork Reduction Act as it applies to statistical policy and coordination activities address some of the specific points which have been raised in the debates of the past year. We support the addition of statutory requirements for the appointment of a Chief Statistician of the United States and for an annual report to the Congress describing actions taken or planned by OIRA to fulfill its statistical responsibilities. At the same time, we continue to believe that further legislative changes are needed. The experience of the past two years indicates that longer-range issues of statistical policy and coordination cannot compete successfully in an office devoted largely to paperwork and regulatory control functions. As a consequence, we urge consideration of new provisions in the Paperwork Reduction Act that would ensure the existence of a viable, separately structured unit responsible for coordinating federal statistical programs and for maintaining their quality and integrity. Such a unit must be adequately staffed to perform the functions prescribed in the Law, and must have strong, professionally sound leadership, authority, and independence of action.

The recent erosion of the government's resources to plan and coordinate federal statistical policy and programs has caused representatives of private business, governmental units, public interest groups, and the research community to join together in unprecedented fashion. Reductions in the resources for the programs of our federal statistical agencies, followed by OMB's decision to abolish its statistical policy unit, led users of statistics to put aside parochial concerns and to abandon their political shyness.

The response has been gratifying. Efforts by committees in the House and Senate have been instrumental in sensitizing the American public, and leaders in the Administration, to the importance of federal statistics and the shortsightedness of decisions which would impair their accuracy and usefulness, and which, in the long run, may result in greater expenditure of scarce funds. We are optimistic that recent actions have served to halt further backsliding in federal statistical programs and products. We are far less sanguine that the resources needed to evaluate current programs, to conduct methodological research and introduce improvements, and to coordinate our decentralized statistical activities will be made available. Yet each of these functions is mandated by the Paperwork Reduction Act.

In anticipation of Congressional review and reauthorization of the Paperwork Reduction Act, the Council of Professional Associations on Federal Statistics recently completed an assessment of OMB's performance of the mandated statistical policy and coordination responsibilities. We noted:

> Our review has led us to conclude that the preoccupation of the Office of Information and Regulatory Affairs (OIRA) with paperwork and regulatory issues has left little room for focused attention to matters of

statistical policy and coordination. In the face of other priorities, OIRA is giving only minimal attention to its responsibilities, outlined in the Act, for:

- coordinating...the functions of the Federal Government with respect to gathering, interpreting, and disseminating statistics and statistical information; and
- developing and implementing government-wide policies, principles, standards and guidelines concerning statistical collection procedures and methods, statistical data classifications, and statistical information presentation and dissemination.

Virtually no effort is being expended on OIRA's assigned responsibilities for:

- developing long-range plans for the improved performance of federal statistical activities and programs; and for
- evaluating statistical program performance and agency compliance with government-wide policies, principles, standards, and guidelines.

Our assessment is confirmed by the April 20, 1983, report of the Comptroller General, "Implementing the Paperwork Reduction Act: Some Progress, but Many Problems Remain," prepared at the request of the Chairman of the House Committee on Government Operations. The General Accounting Office's evaluation of OMB's attention to its responsibility for policymaking and oversight of federal statistical programs--for developing long-range plans for improving federal statistical programs and for coordinating through budget reviews the collection, interpretation, and dissemination of statistical information--is summarized in the report heading:

Statistical policy and coordination oversight--
declining resources and little action.

Specifically, the GAO report concludes that since the Paperwork Act was passed:

- long range planning activities have not been completed,
- statistical policy directives have not been reissued,
- no evaluations of statistical programs have been performed, and
- resources applied to OMB's statistical policy coordination and oversight responsibilities have diminished sharply.

Further evidence of the conclusions reached by the Council of Professional Associations on Federal Statistics and by the General Accounting Office is provided in OMB's recently issued "Special Report on Statistics Related to the Budget of the United States Government - Fiscal Year 1984." The report describes six system-wide initiatives--activities in which the small group of statistical professionals at OMB is playing a role. These include: redesign of the household surveys (a program which was delayed, at considerable cost to the government, and reinstated as a consequence of testimony to a number of congressional committees); revision of the Standard Industrial Classification (an activity for which all developmental work had been completed, but whose implementation has been delayed for five years, leading to important coverage

gaps in our economic statistics); a limited number of projects under the auspices of the Federal Committee on Statistical Methodology; efforts to reduce burden through the Information Collection Budget process; redefinition of Metropolitan Statistical Areas (an activity required following the completion of each decennial census); and an initiative to develop legislation that would provide uniform confidentiality for federal statistical records and permit limited sharing of individually identifiable records (a response to requirements set forth in Section 3505 of the Paperwork Reduction Act).

Our point is not to take issue with those activities to which OMB is committing its limited resources for statistical policy and coordination. Indeed, users of federal statistics have argued long and hard for action on these items. Our concern is that these represent only a small portion of the activities which should be undertaken by the office responsible for governmentwide statistical policy, standards, and coordination, and that they constitute, by and large, only a reactive, immediate agenda. Nowhere in the OMB report do we find an enumeration of activities to evaluate statistical program performance and agency compliance with governmentwide policies, principles, standards, and guidelines, let alone an assessment of those policies and standards with an eye toward revision or supplementation. Equally absent are initiatives to develop long-range plans for improving the quality and relevance of our federal statistical products; in a time of rapid social, economic, and environmental changes, no effort is being devoted to determining the nature of the adjustments needed to bring our information sources up-to-date. I offer an example to illustrate the point.

An issue of substantial public debate is the funding of government programs which provide family assistance to the Nation's poor. One consequence of the current diversity of government programs in this area is the highly fragmented nature of statistics on family assistance programs. As a recent report (Family Assistance and Poverty: An Assessment of Statistical Needs) of the Committee on National Statistics at the National Academy of Sciences noted:

> With relevant family assistance statistics maintained in different agencies and at all levels of government under different definitions, it is rather difficult to develop the data and information required to address welfare and poverty issues adequately, to operate and manage the programs efficiently, to evaluate the performance of family assistance programs as a group, and to conduct research on welfare needs.

The Committee report offers many recommendations geared to strengthening family assistance program statistics and program management, to meeting society's need for information about poor families with children, and to improving federal-state cooperative activities and the processes used by the federal government to obtain program statistics from the states. The Committee recommends, among other things, the following:

- a long-range developmental project to produce and test practical, cost-effective, statistical quality control procedures;
- establishment of consistent interagency standards for state reporting under major family assistance programs and assurance that the reports clearance procedure is effectively coordinated across programs; and

- development of a national sample microdata system for family assistance programs.

My purpose in providing this illustration is to point to just one area where activities cut across agency lines and the office responsible for governmentwide statistical policy, coordination, and standards should be playing a leadership role in the identification, assessment, and resolution of problems. There are many areas where similar examination and attention are required: among those which come quickly to mind are aging; work and retirement; energy and the environment; health insurance and long-term care; changing economic structures and new technologies; unemployment and underemployment; and gross national product data improvement. The staff available for oversight of the government's statistical programs is simply too small to address even these major issues, let alone those that arise in the 100 smaller agencies producing federal statistics.

In response to a question raised by the Chairman of the House Subcommittee on Legislation and National Security following the June 3, 1982, hearing on Federal Government Statistics and Statistical Policy, the Administrator of OIRA indicated OMB's intent to develop a long-range planning process for the statistical agencies in order to assist in identifying priorities and issues which affect more than one agency. To the best of our knowledge, no such process has been initiated. In an environment of severely limited resources, occasioned by both fiscal and paperwork budget stringencies, no one is assuming responsibility either for establishing priorities or for providing leadership to discover and resolve current and emerging statistical problems. Furthermore, in a system where methodological research is a collateral activity of separate

statistical agencies, OMB has largely abdicated its responsibility to foster communication and discussion of problems and progress. Yet all of these tasks are implicit under the functions mandated to OMB in the Paperwork Reduction Act.

Our concern with the weakness of the government's statistical policy and coordination activities is not new. Both those who have worked within the government's statistical system, and their colleagues in business, academia, and state and local governments, have long stressed the irony of the inverse relationship between the growth in the scope and importance of our federal statistical programs and the decline in resources allocated for planning, evaluating, and improving the products of the federal statistical agencies. Within the past two years, this anomaly has moved from the realm of chronic weaknesses to the domain of acute problems. Fiscal and paperwork burden constraints have made it more necessary than ever to examine the strengths and weaknesses of our statistical programs in order to ensure that programs of low quality and utility are eliminated, that new programs to reflect changing policies and information needs are initiated, that high priority programs are maintained and improved, and that agency efforts are coordinated carefully to make the most efficient and productive use of limited resources. Yet it was in this very environment that OMB decided in April of 1982 to further cripple the government's ability to perform these functions by eliminating its Statistical Policy Branch and by reducing again the already small number of personnel dedicated to these activities.

The June 1982 hearing by the House Subcommittee on Legislation and National Security, and the September 1982 report of the Government Operations Committee, raised OMB's consciousness about the importance of statistical policy and coordination activities. But the response from OIRA has been what we must characterize as minimal. The Committee report, "Reorganization and Budget

Cutbacks May Jeopardize the Future of the Nation's Statistical System," made five recommendations which could have led to a strengthening of OMB's performance of its statistical oversight responsibilities. The Committee recommended that the Director of OMB:

1. Ensure that OIRA is staffed with an adequate number of qualified individuals to properly discharge the Office's responsibilities concerning statistical matters as mandated by the Paperwork Reduction Act of 1980.

2. Ensure that an individual who is professionally qualified to supervise statistical policy matters be hired to advise the Administrator of OIRA and the Director of OMB on how best to carry out their statistical functions set forth in the Paperwork Reduction Act of 1980.

3. Reconsider the decision that resulted in the elimination of the Statistical Policy Branch as a distinct entity within OIRA.

4. Reconsider the decision that resulted in the discontinuance of the publication, Statistical Reporter.

5. Reconsider the decision not to collect Exhibits 54 from agencies.

To the best of our knowledge, only two of the Committee's recommendations have been acted on in the intervening months. The Office of Management and Budget has obtained information on statistical budgets and programs in order to continue (in skeletal fashion) its annual report, and it has sought candidates with the announced intention of hiring a chief of the "Statistical Policy Office." The fact that OMB has chosen not to reinstate a distinct unit for statistical policy, and to staff OIRA with an adequate number of qualified individuals to carry out the statistical functions assigned to it by law, leads us to voice our continuing concern.

At the June 1982 hearing before the House Subcommittee, the Administrator of OIRA explained that he had completed certain changes in the organization of his staff which he believed strengthened the ability of the Office to carry out its statistical and other responsibilities. The September report of the House Committee on Government Operations noted:

> The Committee fears that these changes may strengthen OIRA's ability to carry out its "other" (i.e., non-statistical) responsibilities, to the detriment of its ability to fulfill its statistical responsibilities.

The Committee's fears appear to have been realized. Despite concerted efforts by the Committee on Government Operations and other leaders in the Senate and the House, OMB's attention to matters of statistical policy still languishes. Statistical matters continue to fare poorly in the competition for recognition and resources.

Both these recent developments and past history cause us to argue for legislative establishment of a separately structured unit responsible for coordinating federal statistical programs and for ensuring their integrity, quality, and efficiency. To carry out properly the functions assigned by the Act, it is essential that the unit be adequately staffed with individuals knowledgeable about federal statistical programs and policies and expert in statistical methodology. The unit must be headed by a person of outstanding professional competence and unquestioned integrity.

Major improvements in the statistical system hinge on the establishment of such provisions. For example, the Council of Professional Associations on Federal Statistics recently has begun to examine legislative proposals that would permit sharing of data among statistical agencies under conditions which

would protect respondents from disclosure of information for nonstatistical purposes. While our review has been only cursory, two things already are clear. One is that the potential gains in terms of the quality of data and the reduction of response burden are great. The other is that it will not be possible to make major advances in data sharing for statistical purposes unless there is a strong office with clear authority to protect the confidentiality of the companies and individuals who have provided the data, and with adequate staff to implement the legislation as it is intended. Without the assurance that a strengthened office would provide, nothing will happen. The statistical agencies simply will not risk damaging the longstanding confidence of their respondents. The present debate provides just one example of important advances in the operation of the statistical system that will not take place unless the independence, staffing, and professional authority of the coordinating office are guaranteed.

The question of an appropriate location for a statistical policy unit has been widely studied and discussed during the past few years. Broad support has been given to a recommendation that such a unit be located organizationally in the Executive Office of the President, with the proviso that carefully constructed legislative safeguards be established to ensure the political autonomy of the organization. While this option appears to be the best among alternatives which have been suggested, other locations might be considered if independence from regulatory and other control functions, coupled with guarantees for the unit's authority and access to needed policy and budget information, could be achieved.

In a statement issued April 15, 1983, by the Committee on National Statistics at the National Academy of Sciences, it is noted that the chief statistical officer of the United States must have the status and qualifications

requisite to recommending and coordinating policy and standards to be followed by heads of the operating statistical agencies of the federal government, and to representing the U.S. in dealings with chief statisticians of other countries and international organizations. At the present time, four of the heads of federal statistical agencies hold the rank of Presidential Appointee. To balance the need for status and authority of the chief statistician with the requirement to ensure that this individual is free from real or perceived political influence in the execution of his or her responsibilities, consideration should be given to establishing the chief statistician's position as a fixed-term Presidential Appointment with confirmation by the Senate.

Over the years users and producers of federal statistics have had many disagreements. We find it difficult, at times, to concur on the comparative value of particular statistical programs. We shall continue to argue over the relative importance of quality versus timeliness. And we may debate at length the question of the appropriate role of public and private sector organizations in the production and dissemination of national statistics. But insofar as the question of the need for a strong, adequately staffed independent unit for the performance of the government's statistical policy and coordination functions is concerned, we are of one voice. We shall continue to applaud efforts by this Subcommittee, and by your colleagues in the Congress, to mandate the necessary functions and to establish the organizational requirements to ensure their implementation. We look forward to working with you to assess the effectiveness of activities under current legislative provisions and to develop proposals which will ensure that the intent of the law and the needs of the nation for relevant and accurate statistics are met.

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